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NEWS SUMMARY

GENERAL

NUJ strike 'obeyed by 80%'

The National Union of Journalists claimed an "overwhelming response" to the first indefinite nationwide provincial newspaper strike in its history.

The union said that 80 per cent of provincial journalists were on strike, although in Birmingham, Liverpool and Southampton NUJ members defied the strike call.

Press Association journalists voted 86-76 against obeying an instruction from the union's executive to stop work in sympathy with the provincial strikers.

Lord Thomson of Fleet, president of Times Newspapers, at present visiting Britain, said he had no intention of intervening in the separate dispute which has led to the suspension of The Times, Sunday Times and the three Times supplements. Back Page

Scott alleges 'cover up'

Former male model Norman Scott alleged that Social Services Secretary David Ennals waived his national insurance contributions for 11 years as part of a "cover up" to protect former Liberal leader Jeremy Thorpe.

The accusation came during exchanges between Mr. Scott and Mr. Thorpe's lawyer, Sir David Napley, as committal proceedings at Minehead against Mr. Thorpe and three other men entered their third week.

Michelle acquittal

A 22-year-old stable worker, Alan Westlake, of Bracknell, Berkshire, was formally acquitted at the Old Bailey of attempting to murder 15-year-old Michelle Booth, thrown from a train in March. The acquittal followed four days of legal argument over disputed evidence which the judge ruled as inadmissible.

Namibia voting

Heavy police and military security accompanied the start of voting in the disputed election in Namibia, the South African authorities claiming a heavy turnout at the polls. The result is expected a week on Friday. Page 4

Menten freed

Dutch millionaire art collector Pieter Menten, aged 79, jailed for war crimes, was freed by a special court in The Hague which accepted that the Justice Minister in 1952 had told him no further charges would be pressed. Page 3

Mid-East setback

Hopes of an easing of the impasse in the Middle East peace talks suffered two blows today as Israel rejected Egypt's latest proposals and reinstated a hard-line policy towards the occupied West Bank. Page 4

Home for good

The 50,000 ton aircraft carrier Ark Royal ended her 23 years of sea-going at Devonport with her future uncertain. Although she is ready to be broken up, outside interests could still buy her. Page 10

Peace audience

Northern Ireland peace movement founders Betty Williams and Mairead Corrigan had a half-hour audience with Pope John Paul II who told them he would be looking for ways to bring peace to the province.

Briefly . . .

Body of 15-year-old Karen Nunn of Newhaven, Sussex, who had been missing since Saturday, was found on a beach at Peacehaven. *Foul play* is not suspected.

Nearly 14,000 U.S. troops will *fly to* West Germany for manoeuvres next month designed to show how rapidly NATO forces can be reinforced.

Mr. Albert Hill, joint deputy chairman of Taylor Woodrow, has died aged 74.

BUSINESS

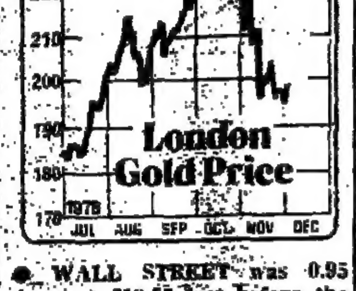
Gold up $6; Equities put on 3.6

● **EQUITIES** made a short *upward spurt which took the FT* ordinary index 4.4 to 490.7 at noon but the index then closed 3.6 up 489.9, making a recovery from mid-November of nearly 19 points.

● **GILTS** tone was steady to firm and the Government Securities index closed 0.06 up at 68.72.

● **STERLING** rose 70 points to $1.9450 but its trade-weighted index, reflecting the pound's easier tendency against other currencies, *fell to* 62.5 (62.6). The dollar's depreciation widened to 8.1 per cent (7.7).

● **GOLD** *rose sharply* in London to close $6 up at $199⅜.



● **WALL STREET** was 0.95 down at 810.55 just before the close.

● A NEW lending facility should be created to help the institutions participate in investment in industry without compromising their duty to their depositors, the TUC has suggested to the Wilson committee on the City. Back and Page 13; Editorial comment Page 18

● **SWAN HUNTER**, *which received £15m compensation for the nationalisation of its shipbuilding business, is proposing to pay out* at least £23.9m cash to shareholders under a capital reconstruction. Back Page

New head for BL bus group

● **LEYLAND** Vehicle's new chairman and chief executive is to be Mr. David Abell, who is moving from the specialist engineering division, SP Industries, to head the ailing truck and bus division. Back Page, News Analysis Page 10

● **TEXACO** *tanker drivers have* been urged by shop stewards to strike from January 3 unless the company makes an acceptable *pay offer. This follows similar* decisions by Shell and Esso stewards. Page 12

● **WHISKY** industry Little Neddy has not secured a voluntary restraint on the growth of bulk malt Scotch exports, a working party has announced. Last year malt Scotch totalled £22m of the £513m whisky exported. Back and Page 8

● **WEST GERMAN** steelworkers met employers for talks for the first time since the start of their week-long strike which left 80,000 steelworkers idle. Page 3

UK EXPORTS to West Germany grew by 15.1 per cent to Dm 8.8bn in the first nine months of this year, taking a larger share of Germany's total imports than a year ago. Page 6

● **FIRST** permanent health insurance contract in which men and women pay the same premium for the same benefit has been launched by Langham Life Assurance. Page 10

COMPANIES

● ***MATTHEW HALL*** increased pre-tax profits in the *nine* months to September 30 from £4.35m to £4.85m, and the chairman hopes for a *record* £7m full year profit. Page 20

● **LONDON AND OVERSEAS** Freighters reports a continued trading loss for the half-year ended September 30 of £1.95m (£1.93m). Page 21 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

BPB Inds.	280	+ 10
British Benzol	33½	+ 3
Brownlee	79	+ 4½
Burton A	172	+ 4
Chubb	136	+ 10
Early (C.) Marriott	31	+ 5
Erith	106	+ 4
GEC	336	+ 5
Highland Distilleries	163	+ 8
ICI	378	+ 6
K Shoes	77	+ 5
Ladbroke	175	+ 5
Ldn. Prov. Shop	138	+ 8
Lookers	61	+ 4
MK Electric	222	+ 6
Marshalls (Halifax)	138	+ 5
Paterson Zochonis	190	+ 7
Pilkington	310	+ 8
Sainsbury (J.)	240	+ 5
Squirrel Horn	44	+ 3
Stenhouse	105	+ 6
Thorn Elect.	363	+ 7
Vinten	151	+ 6
Wilson Walton	41	+ 5
Anglo-Amer. Corp.	292	+ 7
Cons. Gold Fields	182	+ 4
Hampton Areas	130	+ 10
Saint Piran	84	+ 4
Tanganyika Con.	170	+ 4

FALLS

Hall (M.)	213	− 10
Swan Hunter	153	− 6
Vickers	196	− 4
Whim Creek	60	− 30

Iran oil output hit again by strikes as riots spread

BY ANDREW WHITLEY: Tehran Dec. 4

Iranian oil production was seriously hit by strikes today after a period of relative stability. At the same time, violence is mounting in Tehran and other cities with increasing reports of armed groups attacking soldiers who are struggling to contain the wave of demonstrations in the Iranian capital.

Oil production is thought to have fallen today by at least 1.5m barrels to 4.2m—it was as much as 5.9m two days ago. Strikers in the Kuzhestan oilfields, which produce most of Iran's oil returned to work at the end of last month claiming that *most of their economic and* some of their political demands had been met.

The National Union of Iranian Oil *Industry Workers, an un*recognised body, said today that they were resuming their strike in response to the call by the Ayatollah Khomeini, the main opposition figure exiled in Paris, for resistance to the Shah.

But the National Iranian Oil Company denied earlier that the union existed and claimed that oil production and refining were still normal.

In the hope that production *would be back to normal after* the end of last month's 15-day strike, the company is believed to have retained for its own use *2.5m barrels a day. Even with*out today's resumption of the strike, this would have cut the amount of oil available for the Iranian Oil Consortium, the group of Western companies which purchases two-thirds of Iran's oil.

Outbreaks of shooting continued today in the heart of Tehran for the fourth successive day leaving an unkown number of casualties. Although the many demonstrations were generally a little less violent, *there were signs that armed* guerrilla groups are beginning to attack the army and police.

Between four and six soldiers *were killed and their weapons* stolen in an attack in North Tehran on Saturday night according to eyewitnesses.

In the early hours of this morning men armed with what the official radio said were Russian-made Kalashinkov sub-machine guns and home-made bombs attacked a police station in the heart of Tehran, on Shahreza Avenue. The building was very badly damaged. Officially, one policeman was killed and two seriously injured but opposition reports say the casualty toll was higher.

Other opposition reports speak of attacks on army vehicles and the killing of soldiers during the curfew hours. These reports like *many others in Tehran cannot be* confirmed, but it does seem as if the long dorman armed guerrilla groups are showing their teeth.

Widespread trouble in the cities of Isfahan, 250 miles to the South of the capital, and Gorgan, a similar distance to the North-East, was acknowledged today by the official news agency, Pars.

The agency said three people were believed to have been killed in Isfahan during a demonstration after the curfew *last night, but that the total* number of deaths was not yet available. It said all shops, banks and the Isfahan bazaar were closed today.

As *for* Gorgan, where there appears to have almost been a civil war last week, Pars says the Prime Minister has sent an investigation team there to look into the incidents and hear complaints.

Belated accounts of the violence in other provincial towns over the weekend are only now reaching Tehran, suggesting that the capital's recent troubles *have been repeated on a national* scale.

Opposition reports say 10 people were killed in the Gulf port of Bushire and three in Mahabad, near the Iraqi/Turkish border, on Saturday.

France and China sign £7bn trade agreement

BY ROBERT MAUTHNER PARIS, Dec. 4.

FRANCE AND China signed a long-term economic co-operation agreement in Peking today which foresees a stepping-up of bilateral trade to FFr 60bn (about £7bn) over a seven-year period up to the end of 1985.

This is about eight times the present volume of trade between the two countries.

The French have also won a contract valued at about FFr 10bn (£1.2bn) for the sale to China of two 900 MW pressurised water nuclear reactors manufactured by Framatome, the Creusot-Loire nuclear subsidiary, under U.S. Westinghouse licence.

Though the nuclear contract does not figure, according to reports from Peking, in the texts signed by Li Chiang and M. Jean-François Deniau, the Chinese and French Trade Ministers, it was confirmed in a conversation with journalists by Ten Hsiao-*ping*, the *Chinese Deputy* Premier.

The reactors will be subject, however, to the restrictions which the U.S. imposes on the export of strategic equipment to Communist countries.

The economic agreement itself, which the French claim is the first of its kind between China and a Western country, is couched in general terms and does no more than enumerate the sectors in which China and France hope to develop co-operation—such as the oil, aircraft, electronics, steel, transport and hotel industries.

In a separate document though, the Chinese Trade Minister expresses his Government's intention to give France preference for 11 specific projects, on condition that French prices and technical know-how are internationally competitive.

One of the most important projects on the list is the transformation and extension of a large steel complex with an annual capacity of 10m tonnes, according to French reports from Peking.

Other items on the list include the sale of a plant for the con*struction of hydro-electric power*-stations, the sale of two 600 MW *thermal* power stations, of a magnesium plant and machinery for the manufacture of special steels, tubes, and rolled products.

Mention is also made in Mr. Li Chiang's document of an ambitious project for the construction of an integrated aluminium plant, requiring investments totalling about FFr 20bn.

But a senior representative of the French aluminium company, Pechiney-Ugine-Kuhlmann, said in Peking that this was a long-term project which was still under discussion.

Preliminary agreements on some of these projects, including probably the steel complex and the hydro-electric power-station factory, are due to be signed within the next few days by representatives of Chinese state corporations and the French *companies concerned*.

Exact details of the export credit arrangements, which are contained in another supplement to the main *agreement, have not* been revealed officially and are the subject of conflicting reports.

French officials in Peking would go no further than to say that "normal" credits had been granted for the export of large plant, and a credit ceiling had been fixed.

According to other reports,

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World Trade News, Page 6

Warning by Ford chief on future

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE FUTURE position of Ford in the UK might well be jeopardised by the Government's sanctions decision, on top of a nine-week strike, Sir Terence Beckett, the company's chairman, hinted yesterday.

"For the first time for a very long time, my company is unable to make calculations to decide its future in this country," he said in London, when he received the Hambro award of Businessman of the Year (for which he was chosen in October).

He has also issued a similar warning to Ford employees. "To impose sanctions on top of a damaging strike will obviously affect the appraisal we will now have to make of our future resources, our investment and job plans in this country," he writes in the latest edition of *Ford News, the company newspaper*, which was sent out at the weekend.

Ford is a major investor in *this country and earlier this* year announced it would be spending more than £4bn here over the next four years.

It is believed that about one quarter of this sum has already been spent or commited for next year, including the new engine plant at Bridgend, South Wales, and associated investment projects at Halewood, Merseyside. These particular projects have received substantial Government aid, in addition to the normal development grants.

Future Government aid may well be refused to Ford on the grounds that it has broken the pay guidelines. But it is under*stood by Ford that the Bridgend* and associated projects will not be affected by this possible

● Nationalised industries are being invited to follow the Government's decision in not placing further orders with Ford, Mr. Joel Barnett, Chief Secretary to the Treasury, said in the Commons last night.

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FEATURES

For latest Share Index phone 01-246 8026

Callaghan decision on EMS delayed

By Guy de Jonquieres and Peter Riddell

BRUSSELS, Dec. 4.

MR. JAMES CALLAGHAN will not have to declare Britain's attitude to the proposed European Monetary System until *almost the end of the two-day* summit of EEC head of Government tomorrow. Details of the scheme were still being negotiated in unexpectedly lengthy sessions tonight.

Most of the first formal session this afternoon was taken up with discussion of the first part of a paper sent yesterday to the leaders by Chancellor Helmut Schmidt of West Germany.

This is in two parts. One outlines the scheme and the second proposes measures designed to strengthen the economies of less prosperous member-States.

The Heads of State decided to discuss the paper before declaring whether they would join.

It is reported that there was close questioning, notably by France, Italy and the UK about the details of the scheme. There is also believed to have been some disagreement between President Giscard d'Estaing of France and Chancellor Schmidt about the details of the intervention mechanism.

This evening, as the talks continued, there were suggestions of a compromise on the exchange-rate mechanism.

But it is not yet clear how far Herr Schmidt will be prepared to go on this. He apparently told his colleagues he had no authority to compromise on the intervention issue.

Participants believe that the scheme will be agreed tomorrow because, in the words of one, *"Helmut has invested so much* work in it."

The delay before Britain has to declare her hand clearly suits Mr. Callaghan, since he can attempt to wring concessions in the meantime. However, before the meeting started there were suggestions that some countries might be unwilling to concede as much as the Prime Minister wanted.

There seems to have been agreement on one point of particular concern to Britain if she does not decide to link sterling with the other EEC *currencies*.

The heads of government decided that those countries which did not initially form *part of the exchange-rate* mechanism could be involved in the consultation, and the exchange of information about the operation of the system.

There was also discussion on what would happen if member-currencies dropped out, or were forced to drop out, of the system. Herr Schmidt is reported to have quoted a

Continued on Back Page

$ pushes up price of raw materials

BY DAVID FREUD

INDUSTRY'S raw material costs rose sharply last month. However, much of the rise was due to the recovery of the dollar after President Carter's package to strengthen the U.S. currency *and the underlying trend was* in line with the modest rate of increase evident through most of this year.

At the same time the rate of increase in output prices charged by industry at the factory gate slowed. This reinforces evidence that some of the higher pay rises this year have been absorbed by companies at the expense of profit margins.

The wholesale price indices, *published yesterday by the* Department of Industry, tend to support Government hopes that the 12-month rate of retail price *inflation should remain at the* present level of about 8 per cent well into next year.

The index for output prices rose 0.3 per cent in November, about half the increase in most months this year. But the index for the cost of industry's raw materials rose by 1 per cent, the biggest increase since March and double the rate of recent months.

The Department of Industry estimates that half the increase was due to the once-and-for-all effect of the dollar's recovery early last month.

Over the past three months the raw materials index has risen 2.1 per cent to 147.2 (1975=100). The index gained 0.8 per cent in the past six months and 3.7 per cent *since the same time last* year.

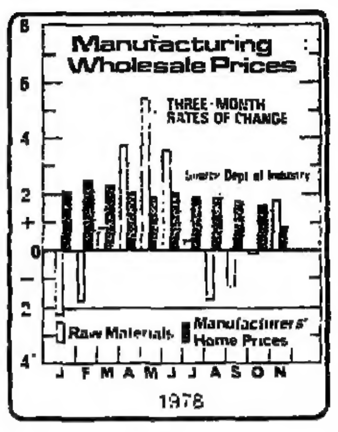
The biggest increase in November was for materials purchased *by manufacturing industry other* than food, drink and tobacco. This index rose by 1.5 per cent. Higher sterling prices for crude *oil, after the dollar's recovery*, made the most significant contribution. With crude oil excluded, the index rose by 0.75 per cent. There were also higher prices for hides and skins and mohair.

Higher prices for home-produced materials, especially home-landed fish, were mainly responsible for a 0.6 per cent increase in the index for materials bought by food manufacturers. The index for coal, gas and electricity was unchanged.

The output price index for *manufactured products went up* by 1.5 per cent over the last three months to 157.1 (1975=100). This brought the rise for *the last half year* to 3.4 per cent with the 12-month figure at 7.8 per cent.

The index for manufactured *products other than food, drink* and tobacco was 0.4 per cent higher in November as a result of small price increases spread across most sectors. This index has risen 2 per cent in the latest three months.

There was little change in November in the index for the output of the food manufacturing industries. This index rose 0.7 per cent in the latest three months.



WHOLESALE PRICES (1975=100)

		Raw Materials	Output (home-sales)
1978	Jan.	139.4	148.3
	Feb.	139.1	149.2
	March	142.0	150.0
	April	145.1	150.9
	May	146.0	151.9
	June	147.0	152.7
	July	145.8	153.8
	Aug.	144.2	154.8
	Sept.	144.3	155.7
	Oct.*	144.8	156.6
	Nov.*	147.2	157.1

* provisional
Source: Department of Industry

Norway fish move

OSLO, Dec. 4.

NORWAY will increase its subsidies and loans to the fishing industry, hit by diminishing catches, under a Government proposal published today.

It said that in 1979 subsidies and loans would amount to 640m crowns ($123m) compared with 500m crowns ($98m) annually in the past few years.

The Government proposal was sharply criticised by the fishermen's union. Chairman J. J. Toft said that the fishing industry needed at least 1,000 crowns

Reuter

£ in New York

	Dec. 4	Previous
Spot	$1.9320-9490	$1.9410-9420
1 month	0.30-0.24 dis	0.32-0.29 dis
3 months	1.08-1.00 dis	0.95-0.92 dis
12 months	3.80-3.70 dis	3.75-3.65 dis

EAST GERMANY'S POPULATION

State aid helps birthrate

BY LESLIE COLITT IN BERLIN

EAST GEARMANY is expected to record this year its first increase in population for the past decade. The rise, albeit a slight one, is seen by the Communist Party of the German Democratic Republic as evidence of the peoples' "confidence in the future." It will contrast with the steady decline in population from 17,084,000 in 1968 to 16,765,000 last year.

The reversal of East Germany's population shrinkage has happened while West Germany's birth rate is down to 9.5 births per thousand native West Germans last year, compared with East Germany's 13.5 births. But at the same time West Germany had a death rate of 11.5 per thousand inhabitants while East Germany's death rate was 13.4.

Prof. Kurt Lungwitz, head of the demographic department of the school of economics in East Berlin, notes that since 1975 there has been a "very high" 22.7 per cent increase in the East German birth rate at a "time when there has been a considerable fall in births in many capitalist countries." Prof. Lungwitz says East German's "good economic, social and population policies are bearing fruit, policies which are only possible under socialism."

There is more than a grain of truth in these remarks. A recent study by the German Institute for Economic Research in West Berlin shows that the especially heavy fall in the East German birth rate in 1972 and 1973, after abortion on demand was legalised, jolted the East German leadership into introducing a series of direct and indirect measures to stimulate the birth rate.

The Government has also enacted measures supporting young couples with children as well as large families. DM 20 is paid each month for the first and the second child and DM 50 for the third. A minimum of DM 30 a month is made available to low-income families with children from 16 to 19 years of age, and 90 per cent of East German students get a stipend of DM 80 to DM 190 a month depending on their parents' income.

One of the most important incentives for having children is the interest-free DM 5,000 (£1,250) credit made available for an apartment or the purchase of a home. Another DM 5,000 is offered interest free for furnishing an apartment; DM 1,000 can be written off from that sum to be repaid at the birth of the first child, DM 1,500 for the second child and DM 2,500 for the third.

The East German leadership is torn by conflicting aims. On the one hand women are to assure the population's reproduction while on the other they are needed in the workforce. This has led to an increase in part-time employment which is frowned on by the Government.

The West Berlin Economics Institute notes that the increase in East Germany's birthrate is almost entirely because parents are having larger families not because there are more couples. It is not coincidence that East Germany's incentives were in fact especially aimed at the second and third child. The German institute cautions, however, that it is still too early to say whether the increase in the East German birthrate will become a permanent feature.

The "baby boom," as the East German media are calling it, has lifted East Germany from having one of the lowest birth rates in Europe to a position in the middle of the scale. Both East and West Germany were the only countries apart from Luxembourg and Austria which had more deaths than births.

The fall in the West German birth rate from 16.1 per thousand inhabitants in 1968 to 9.5 last year has become a cause of such concern that it occupied a recent meeting of the West German Cabinet. Chancellor Helmut Schmidt and his ministers dealt with a 60-page analysis of the development of West Germany's population which contained some dire predictions. Instead of the current 57.7m native Germans, it said the West German population will sink by the year 2000 to either 52.2m or 49.2m depending on how much below the present 1.4 children each West German mother bears. The 4m foreign workers and their families in West Germany are largely ignored in the report but if they remain in Germany they could turn out to be a decisive factor as their birth rate is far higher than that of native Germans.

What particularly concerned the Cabinet was the impact a decreasing and ageing population would have on the elaborate West German pension system. The Government spokesman, Herr Klaus Bolling, said that the social security of West Germans was not threatened in the future adding that projections of population development into the next century are extremely hazardous. The Government, he noted, was not being panicked by reports about West Germans becoming a "dying people." Herr Bolling said the Government wants to improve its support for families and create a better environment for children.

The Opposition Christian Democrats also speak of the need for greatly increased financial payments to young couples with children and tax reductions. Neither of the West German parties is saying so, but there is little doubt that an expanding East German population and a shrinking West German one is not a situation West Germany would regard for long with equanimity.

Peking banker rehabilitated

PEKING, Dec. 4.

ANOTHER PROMINENT victim of China's cultural revolution, a senior banker at the time, was rehabilitated today as a wall poster in Peking asked why former head of state Liu Shao-Chi could not receive the same honour.

Possibly as a result of a top-level Communist Party meeting now under way, the late banker Nan Han-Chen, was rehabilitated with a tribute published in the People's Daily, the party newspaper.

Nan was the third man restored to honour since the week-end. The others are Po I-Po, 72, a former alternate member of the Politburo and vice-chairman of the State Planning Commission, and Yang Chang-Kun, 75, once a secretary of the party central committee secretariat.

Unconfirmed reports say that 61 people have been rehabilitated at the present meeting, a working conference in preparation for a central committee session later this year.

But they did not include Liu, the head of state disgraced during the cultural revolution, because his case required more detailed examination.

Reuter

Greeks, Turks swap prisoners

By Our Own Correspondent

ATHENS, Dec. 4.

GREECE AND Turkey have made a move towards rapprochement after exchanging prisoners arrested last month for allegedly violating each other's territory.

Greek authorities at the weekend handed over six Turkish sailors arrested on November 16 when their fishing boat put in at the North Aegean Island of Mytelene, which they claimed to have mistaken for a Turkish port. The Turks, who had been sentenced to 15 months imprisonment each, were pardoned by the President of the Republic and handed over to a Turkish mission in Mytelene together with their boat.

Turkish authorities have also returned three Greek farmers who were arrested on November 15 by Turkish gendarmes in an enclave on the east side of the Evros River, the natural boundary between the two countries in Thrace. The Greek government had protested against their arrest, claiming the enclave was part of Greece's territory.

The three farmers had been sentenced to one month's imprisonment each but their sentences were suspended. They were handed over on the bridge which spans the Evros.

The exchange follows an agreement between the Greek and Turkish Foreign Ministers who met in Strasbourg late last month in the framework of a Council of Europe ministerial meeting. Greek officials here said the exchange was part of an effort to ease tension between the two countries.

● Pope John Paul II called for a just settlement of the Cyprus issue "as soon as possible" in an address yesterday to Mr. Vedel Tuerel, the new Turkish ambassador to the Holy See, AP reports from the Vatican City.

Androsch may quit after dispute with Kreisky

BY PAUL LENDVAI

VIENNA, Dec. 4.

A DISPUTE between Dr. Hannes Androsch the Austrian vice-Chancellor and Finance Minister, and Chancellor Dr. Bruno Kreisky has created an open crisis in the ruling Socialist party's leadership.

A resignation of Dr. Androsch, who also holds a majority interest in a large firm of chartered accountants, may force the Chancellor to carry out a cabinet reshuffle earlier than expected.

In an interview during the weekend, the Finance Minister said that he was "put off" by the Chancellor's silence in face of what he described as a "slander campaign" by the Opposition.

He also claimed that he had informed the Chancellor when the government was formed eight years ago, that he had not only a majority interest in the chartered accountant firm called "Consultatio," but that he had a second firm in his own name in order to protect the right to remain a chartered accountant.

Meanwhile, the Chancellor is studying the recommendation of a commission headed by the Foreign Minister about the way in which foreign governments cope with potential conflicts of interest between public functions and private business interests.

Dr. Kreisky has refused to comment publicly on his deputy's statements. He said, however, he would hold talks with Dr. Androsch this week.

The projected new regulations would also bring in tighter rules for MPs. There is a plan to demand some kind of declaration about the private wealth and possible conflicts of interest of Cabinet Members and MPs.

Meanwhile, a public opinion poll just published reveals that 64 per cent of those asked were against a resignation of Dr. Kreisky as Chancellor in connection with the Government's defeat at the recent referendum on nuclear power. A total of 88 per cent of the Socialists, and as many as 36 per cent of the Conservatives were against his resignation.

Dr. Androsch came under public attack last summer when it was revealed that his firm has a staff of 45 and a reported turnover of Sch17m (£600,000). He and his wife have a 75 per cent interest in the firm, which according to news reports has multiplied its turnover since Dr. Androsch became Finance Minister in April 1970.

Dr. Androsch ranked for many years as a favourite of Dr. Kreisky, who engineered the promotion of the 40-year-old chartered accountant to one of his deputies in the party. But the Finance Minister has been slipping in the opinion polls lately, and many newspapers have reproached him for his alleged flashy lifestyle.

During the past few months popular papers have also reported the way his secretaries and friends have been promoted to key and profitable positions. The fact that his Press secretary, for instance, was elected as future director of the Board of the third largest Austrian company did not help the Minister's position.

However, somewhat paradoxically, Dr. Androsch has the support of Herr Anton Benya, the trade union chairman, as well as those politicians who for reasons of their own resent the Chancellor's leadership style. The Opposition clearly enjoys the spectacle of Socialist in-fighting. If Dr. Androsch goes, however, his departure will serve the Opposition's cause of pointing to the Government's financial policy problems, since Dr. Androsch has been in charge of the Treasury longer than any other Finance Minister this century.

● What is claimed to be the world's longest road tunnel—the Arlberg tunnel, was opened during the weekend in Austria. The almost nine-mile-long tunnel connects not only the provinces of Tyrol and Vorarlberg but also East and West Austria, and is bound to have a direct impact on European tourism.

The tunnel, which can be used by 1,800 cars per hour, was built in four-and-a-half years, with the costs totalling Sch4.8bn. The 1,800-metre high Arlberg Pass used to be closed for up to one month during the winter season. One-way road toll will be Sch120, and at a later date capacity could be doubled.

Five-day Pinto blueprint debate

BY OUR OWN CORRESPONDENT

LISBON, Dec. 4.

THE PORTUGUESE Parliament today began a five-day debate on the Government programme drawn up by Sr. Carlos Mota Pinto, the Prime Minister, and his 15-man non-party Cabinet.

The 159-page programme could be called Portugal's passport to the Common Market. Considerably shorter than the documents devised by his predecessors, almost every chapter of Sr. Mota Pinto's blueprint stresses the need to adapt Portugal's structures and economy to those of the EEC, which the country hopes to join around 1983.

The Government says it will boost private initiative in the highly nationalised economy, revise labour laws, which now emphasise workers' rights, and maintain the financial austerity imposed by the International Monetary Fund earlier this year.

It will take a searching look at State-controlled enterprises and worker-managed companies receiving State grants, to see that they are run as economically and efficiently as possible. The country's industrial structure will be modified to fit the needs of the EEC, and private investment in this sector will be encouraged.

At the same time, the nationalised banking system which is constitutionally entrenched, will be given a run for its money by a para-banking sector in which foreign interests already are allowed to operate on a controlled basis.

In the heavily-politicised agricultural field, the Government intends to press on with its controversial policies of re-distributing land in the collectivised Alentejo wheat belt, and will balance this with new expropriations and agricultural extension work.

While the main political parties are not formally represented in the new Government, they have been consulted fully in the choice of the Prime Minister, and the Cabinet is expected to survive a rejection motion already tabled by the Communist Party.

The fate of Sr. Mota Pinto lies in the hands of former Prime Minister Mario Soares' Socialists, whose 100 votes in the 263-seat Assembly will determine whether Sr. Pinto stands or falls. At the moment, the betting is on his passing with Socialists abstaining, Communists against, and Social Democrats and Centre Democrats for.

Hanoi may snub refugee meeting

KUALA LUMPUR, May 4.

VIETNAM MAY not attend the international conference on refugees in Geneva later this week, diplomats here said today. The 40-nation conference is being convened by the UN High Commissioner for Refugees to discuss the Vietnamese and other Indo-Chinese refugee problems.

Members of the Association of South-East Asian Nations (ASEAN)—Malaysia, Thailand, Indonesia, Singapore and the Philippines — were anxious for Vietnam to attend, the diplomats said. These are the principals where refugees coming by boat from Vietnam call first for temporary shelter until the U.S., Australia, France, West Germany and other Western countries give them permanent residence.

Mr Robert Okuley, the U.S. Deputy Assistant secretary of State, is scheduled to arrive here on Wednesday en route to the Geneva conference on a tour of Hong Kong, Thailand and Malaysia to discuss the Vietnamese refugee problem, officials said.

Meanwhile, as the flow of refugees into north-eastern Malaysia and adjoining south-eastern Thailand continued, 26 Vietnamese were reported killed on Sunday when two boats capsized off Thailand's Narathiwat province and off Merchang, 165 miles north-east of here. Every day of last month about 500 Vietnamese arrived daily, pushing the number of refugees in Malaysian camps to more than 46,000.

Malaysian officials said they believe Vietnam is allowing the refugees to leave freely although officials at the Vietnamese embassy here deny this.

Boats arriving over the past two or three months have been carrying as many as 90 per cent ethnic Chinese. Diplomats say Vietnam wants to be rid of its Chinese population.

Reports from Narathiwat province quoted police there as saying that the bodies of at least 18 Vietnamese have been recovered from the Gulf of Thailand off the Narathiwat coast after their boat sank in the South China Sea on Sunday. More than 300 swam ashore safely. Near Merchang, eight people drowned when a refugee boat coming to land capsized. Villagers helped rescue others.

As many as 95 people were feared dead after a boat sank near Pantai Ru, 195 miles north-east of here on Saturday. There were 151 survivors and 44 bodies recovered have been buried. The authorities also reported more Vietnamese refugee landings in Malaysia on Sunday, the biggest being that of a boat with 180 which reached Kuala Trengganu.

AP

Danish foreign aid increases

COPENHAGEN, Dec. 4.

DENMARK'S aid to developing countries will amount to 0.7 per cent of the gross national product in 1979, deputy Foreign Minister Lise Oestergaard said today.

In a speech to members of the Danish Development Agency, she said that Denmark would thus reach the target set by the United Nations in 1972. She said that so far only Norway, Sweden and the Netherlands had achieved the level expected from the richer countries.

A foreign ministry report said the Danish Development aid would total 2.075bn kroner ($387m) in 1979. A five year plan based on an annual increase in prices of 7.8 per cent envisaged that aid would amount to 0.79 per cent of the gross national product in 1983.

The main recipients of Danish aid are Tanzania, Kenya, India and Bangladesh.

AP

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Italian governing formula in jeopardy

By Rupert Cornwell

ROME, Dec. 4.

THE COMMUNIST Party's policy-making central committee began an important three-day meeting here this afternoon, amid increasingly open talk on all sides that the demise of the Christian Democrat minority Government is merely a matter of time.

The main items on the agenda will be the Communists' attitude towards the EEC parliament and direct elections to it, and the documents that will go forward to the party's national congress next spring. The proceedings cannot fail, however, to become entangled with the complicated manoeuvring among the various parties who are dissatisfied with the existing governing formula, under which they give Sig. Giulio Andreotti's administration vital support in Parliament.

The issue which has brought relations between the Christian Democrats and the Communists to their worst point since the present arrangements began almost nine months ago is the reform of the ancient "Mezzadria" system of tithe farming.

Last week, in protest at what they see as backsliding by the Christian Democrats, both Communists and Socialists walked out of the all-party talks supposed to find a compromise, insisting that agreements previously ratified by the Senate must be respected in the National Assembly.

On paper, the farm reform is of relatively minor importance. The "Mezzadria" system is estimated to affect fewer than 400,000 Italians and barely 5 per cent of agricultural land, and every sign is that it is fading out of its own accord.

But with Christian Democrats and Communists facing congresses next year, at which their uneasy aliance is certain to be the main underlying disagreement, the issue has become a convenient, and possibly fatal, symbol of their strictly separate identities.

In his opening address to the Communist central committee tonight Sig. Giorgio Amendola sharply attacked the Christian Democrats for failing to draw sufficient adavantage out of the Common Market, and re-emphasised that Communist backing for the proposed European monetary system would be forthcoming only if there were a genuine transfer of resources.

The Senate, meanwhile, has just ratified the draft law for the elections in Italy to the European Parliament. They will be held on June 10 next year, and the country will be divided into five regional constituencies for the election of 81 Italian MPs by proportional representation.

Dutch Nazi war crimes suspect freed

BY CHARLES BATCHELOR

AMSTERDAM, Dec. 4.

A SPECIAL court today ordered the 79-year old millionaire Mr. Pieter Menten to be freed from prison where he has been held on war crime charges. In a surprise judgement the court said it accepted Mr. Menten's claim that the Justice Minister told him in 1952 that no further charges would be pressed against him.

Mr. Menten, who has spent almost two years in the prison hospital in Scheveningen suffering from diabetes, was freed today, his lawyer said. The public prosecutor immediately announced he will appeal to the supreme court.

The special court in the Hague said in its judgement that it accepted that Mr. Menten was told by Mr. L. A. Donker, who was Justice Minister during the early 1950s, that no further action would be taken against him although it was unclear precisely how this had happened. The Justice Ministry has been unable to find any evidence in its archives of this pardon.

Although the Justice Ministry had drawn up complete and formal charges against Mr. Menten, supported by proof and witnesses, it did nothing until two years ago to press these charges, under pressure from Dutch and Israeli journalists. This, and the fact that the delay in charging Mr. Menten was much longer than was acceptable under the human rights convention, were reasons enough to free Mr. Menten, the court said.

The court ordered the justice authorities to return Mr. Menten's possessions which were confiscated on his arrest. He has a valuable collection of paintings and antiques. In August 1977 his thatched villa in Blaricum near Amsterdam was destroyed by fire started by a former prison camp inmate

In May the Dutch Supreme Court quashed a 15-year sentence imposed on Mr. Menten for his alleged part in the mass execution of Jews in Poland in 1941. The Supreme Court called for an investigation into Mr. Menten's claim that he had been given freedom from prosecution in 1952. The lower court had rejected this argument.

He was originally sentenced for his alleged part in the killings in the Polish village of Podhoroce.

● Right: Pieter Menton the Dutch millionaire and (far right) a 1941 picture said to be of the same man.

NATO pledge to spend more to improve defences

BY REGINALD DALE, EUROPEAN EDITOR

BRUSSELS, Dec. 4.

EUROPEAN NATO countries today re-affirmed their commitment to strengthen Western defences in the face of the continuing military build-up by the Warsaw Pact. The firm statement by the 11 members of the alliance's Eurogroup came at a time when doubts were being expressed in Washington over President Carter's determination to stick to the NATO target of an annual 3 per cent real increase in defence spending over the next five years.

The European countries, the alliance's European members minus France and Iceland, said they were determined to play their part in "ensuring that the long-term defence programme endorsed at the Washington summit (last May) is implemented effectively." Mr. Harold Brown, the U.S. Defence Secretary, who will be attending the four days of NATO Ministerial meetings that start here tomorrow, can expect to be closely questioned on the Administration's intentions.

For his part, Mr. Brown is expected to urge the European countries that they must soon start making up their minds on the alliance's approach to a fresh round of strategic arms limitation talks with the Soviet Union (SALT 3) that may follow the conclusion of a SALT 2 agreement. The general view in Brussels is that SALT 2 is likely to have been concluded before next spring's meeting of the alliance's Ministerial council.

So far, the European countries are still divided over both the contents of any SALT 3 negotiations and the forum in which they should be conducted. There is no common view on what should be the alliance's response to the growing strength of Soviet nuclear weapons' systems like the SS-20 missile and the Backfire bomber, which are targeted on Western Europe rather than the U.S. The European Defence Ministers also today expressed concern that the military balance on the alliance's northern flank appeared to be shifting in favour of the Warsaw Pact. They announced a long list of measures to strengthen Europe's forces, including an improvement of Norway's coastal defences, and the deployment of major new equipment on land, sea and air.

For the UK, Mr. Fred Mulley, the Defence Minister, once again reminded his partners of the need for European collaboration on arms procurement. Britain is pressing France and West Germany to reach early agreement on specifications for a new jointly-produced tactical combat aircraft to replace the Jaguar and the Harrier around 1990.

Britain is stressing the need for urgency, as the government wants to take a decision on the new aircraft by next spring at the latest. In the British view if European countries do not grasp the opportunity for a major new joint project, they may irrevocably lose the capability of building military aircraft.

Later in the week, Dr. Joseph Luns, the NATO secretary general, is to appeal for further aid for Portugal and Turkey, and possibly also Greece, to help shore up their new democratic regimes. He is not expected to put a figure on the aid required, but simply to urge the other governments to do their best, whether individually or through international organisations, like the IMF and the OECD.

Army alert for Spain's referendum

MADRID, Dec. 4.

ARMY AND police units went into the second phase of a special election alert today as the campaign for and against a new Spanish constitution drew to a close.

Officials and most opinion polls predict overwhelming approval of the constitution in a national referendum on Wednesday. Despite fears of fresh violence, political parties held more than 2,000 meetings over the weekend arguing the merits of the new fundamental laws.

With more than 2,500 extra police on duty in the Basque region and army units guarding public buildings throughout the nation, no major disorders were reported.

The armed forces alert has cancelled leave for police and military men. Meanwhile, extreme right-wing and left-wing groups have plastered city walls with posters urging a "No" vote or abstention.

AP

W. German steel peace bid

DUSSELDORF, Dec. 4.

WEST GERMAN steelworkers today met employers for the first time since the start of a week-old strike to try to settle a dispute over the introduction of shorter working hours. Both sides agreed to talks without preconditions, reports Reuter.

Some 80,000 steelworkers in North Rhine-Westphalia, Bremen and Osnabrueck are idle because of the dispute. About half were called out by the IG-Metall union last Tuesday to back a 5 per cent pay claim and demands for gradual introduction of a 35-hour week. The others have been locked out by employers since last Friday.

The employers have so far refused to discuss the introduction of a 35-hour week, which IG-Metall considers essential to safeguard jobs. They have offered instead six weeks annual holiday and a 3 per cent pay rise. This is the first official strike in the West German steel industry for half a century.

AP adds from Munich: Some 60,000 ethnic Germans from Eastern Europe are being resettled this year in West Germany, Bavarian officials said Monday, a record number granted exit visas by Communist governments.

In the first 11 months of this year, 53,807 ethnic German refugees had already arrived in West Germany. More than 6,000 more are expected this month to swell the expected 1978 total to a record 60,000 refugees, the Bavarian Labour Ministry said.

Exactly 54,250 ethnic Germans came to West Germany last year, the biggest number to date allowed to leave under the Bonn Government's detente treaties with East bloc nations.

Worsening economy puts democracy at risk, warns Turkey

BY GUY DE JONQUIERES

BRUSSELS, Dec. 4.

THE TURKISH Government has warned the EEC and NATO that the future of its democratic system could be seriously threatened unless it receives urgent outside help for its rapidly deteriorating economy.

This message was conveyed in blunt terms by Mr. Bulent Ecevit, Turkey's Prime Minister, to M. Emile Noel, secretary-general of the European Commission, and to Dr. Joseph Luns, secretary-general of NATO, during recent visits by the two officials to Ankara.

Mr. Ecevit is understood to have asked both officials to try to persuade Western Governments to obtain as soon as possible the release of funds which Turkey is seeking from the International Monetary Fund (IMF). Unless the money was forthcoming soon, Turkey would be unable to undertake the austerity policies which the IMF believed necessary for its economic recovery.

The Prime Minister's appeal has been relayed to EEC heads of Government, whose two-day European Council meeting opened here today, by Mr. Roy Jenkins, president of the Commission. In a personal letter to each of the leaders, he called for a "gesture of solidarity" by the Common Market towards Turkey.

The mounting economic crisis in Turkey was due to be discussed by EEC Foreign Ministers at a meeting here later this evening. Herr Hans Apel, the West German Defence Minister, has also suggested that it be studied by Finance Ministers of the NATO member countries.

Last year, Turkey's balance of payments deficit rose to almost $3.5bn, and its foreign debts have increased to more than $12bn. Inflation has been running recently at an annual rate of more than 50 per cent, growth has fallen off sharply and the national unemployment rate is about 15 per cent.

The fear expressed by Mr. Ecevit, and apparently shared by a number of Western governments, is that unless this situation is reversed it could lead to serious political disruptions which might result in the installation of an extreme Right-wing regime.

In addition to its internal economic difficulties, Turkey is facing another serious problem in the form of Greece's imminent accession as a full member of the EEC. There is concern in Ankara that, once inside the Community, Greece would persuade other governments to act against Turkish interests.

The EEC and Turkey have held preliminary talks on the revision of their bilateral association agreement, but these have made little progress, largely because the Community has found it difficult to grant the Turkish Government's requests for economic concessions.

Ankara is pressing the Community to lift restrictions on Turkish textile and agricultural exports and for freer movement for Turkish workers on the EEC labour market.

Currency search Page 6

Prison for Soviet dissident

By David Satter

MOSCOW, Dec. 4.

MR. ROBERT NAZARYAN, a founding member of the Armenian Helsinki agreement monitoring group, was sentenced to five years' imprisonment and two years' exile after being convicted of anti-Soviet agitation. His conviction followed a trial in which the prosecution apparently all but failed to find witnesses who would testify against him.

Armenian sources said that 50 witnesses had been scheduled to testify at the trial, held in Yerevan, the Armenian Republican capital. But testimony was halted by the prosecutor after 12 of the first 13 witnesses spoke out in defence of Mr. Nazaryan.

Mr. Nazaryan is the second member of the small Armenian Helsinki group to stand trial. Mr. Shagin Arutunyan was arrested last December and allegedly severely beaten by KGB and militia men. He was charged with malicious hooliganism and sentenced to three years' imprisonment. A third member of the Armenian Helsinki group, Eduard Arutunyan, a scientist, was put in a mental hospital.

AP adds from Amsterdam: A prominent Soviet conductor has defected to the West, refusing to leave Holland on the grounds that Soviet authorities were stifling his artistic freedom.

Mr. Kirill Kondrachine, 64, former artistic director of Moscow's Bolshoi Theatre and once conductor of the Soviet Union's symphony orchestra, ducked into hiding at a secret address with his wife Nina and asked police for permission to stay in Holland.

He had just completed a two-week engagement in Holland, conducting the Amsterdam Concertgebouw (concert building) symphony orchestra in a series of six concerts

AMERICAN NEWS

NY insurance exchange will follow Lloyd's model

BY DAVID LASCELLES — NEW YORK, Dec. 4.

NEW YORK'S proposed insurance exchange, while closely modelled on London, will differ in key respects, including who can be members, and how far they will be held liable for the risks they write. But its sponsors hope it will attract some of Lloyd's business when it opens next year.

The exchange's shap emerges in a draft constitution which is being circulated here in readiness for public hearings beginning on December 15. According to Mr. Albert Lewis, the New York Superintendent of Insurance, the exchange is being set up in direct challenge to Lloyd's of London, which many insurers here believe gets an unfair share of world insurance business.

"Lloyd's can use a bit of competition," Mr. Lewis says. He is a former state Senator from Brooklyn and was chairman of the drafting committee for the new exchange.

If the constitution is approved, and Mr. Lewis does not expect many changes, the exchange will be headed by a board of governors, and have four types of member: underwriters, brokers, associate brokers (who will be able to transact business on the exchange through a broker member) and subscribers, a limited form of membership similar to Lloyd's.

The exchange will be able to underwrite reinsurance of all types of insurance permitted by New York state law (which excludes, among other things, strike and legal expense insurance), direct insurance of all foreign risks, and all hard-to-place risks which have been turned down by the rest of the insurance community.

With syndicates of underwriters working on a trading floor, the exchange, broadly, will be similar ot Lloyd's. This is intentional since its creators say Lloyd's syndicate system cannot be bettered. *But there are key differences.*

The main one is liability. All underwriters must put up \$9.85m (\$5.75m if they do not want to write life insurance). Of this \$500,000 will immediately go into a so-called security fund and the underwriter can invest the rest with the Board's approval. Each underwriter can be called upon to contribute a further \$500,000 to the security fund, if need be.

Up to 5 per cent on each premium, depending on the type *of risk, will be paid into the* security fund, giving it a regular source of income. This fund —the ultimate guarantee for *people* insuring with the exchange—will be there to meet the obligations of members who fail or who exhaust the capital they have paid to the exchange. This is quite different from Lloyd's which, while also having a rescue fund, holds members liable for every penny they own. New York's motive was to make the exchange as attractive as possible to investors.

The exchange will also differ from Lloyd's in that members can be corporate entities as well as individuals, an approach more in line with the U.S. view of business. Similarly, policies will be issued in the name of the exchange rather than individual members.

An unusual requirement that Board members be U.S. citizens is expected to upset foreigners. Mr. Lewis said the committee had disagreed over this clause and it might be dropped. The idea, he said, was to be able to extradite any governor who tried to escape his fiduciary responsibilities abroad.

In an obvious stab at Lloyd's, the constitution contains a section on reciprocity which says that where members' access to a foreign organisation is restricted, members of that organisation will be similarly restricted in New York. Lloyd's caused much ill-feeling here earlier this year by curbing U.S. brokers' scope for investment in Lloyd's brokers.

Mr. Lewis said that he hopes to submit the constitution for approval by the state legislature in January, and unless there are objections, it will pass on February 15. The exchange will then come into existence on April 1, though it will not open for business for some months after that.

U.S. insuranve brokers moving abroad, Page 24

Party caucuses begin meetings

BY JUREK MARTIN, U.S. EDITOR — WASHINGTON, Dec. 4.

MR. JOHN ANDERSON, a moderate Congressman from Illinois, was today re-elected to the number three spot in the Republican hierarchy in the new House of Representatives.

This was the first real action by either of the party caucuses, which began a series of meetings here today to assign leadership and committee positions in the new Congress, which takes office next month.

Mr. Anderson's hierarchical role was thought to be the only one seriously in question. Earlier this year he had been sharply challenged in the primary elections by the "new right" wing of the Republican Party, and was today confronted by Mr. Thomas Kindness, a Congressman from Ohio, who is much more conservative. But, in the event, Mr. Anderson, who is sometimes mentioned as a possible presidential candidate in 1980, was re-elected by 87 votes to 55.

A much more sensitive problem confronts the Democratic Party caucus, which is due to decide, probably tomorrow, whether to remove from influential committees those members of the House who have either been found guilty of crimes or who have been disciplined by the House itself.

One of these, Mr. Charles Diggs of Michigan, has already said he would step down from chairmanship of the District of Columbia committee. But, pending his appeal against conviction, he is seeking to remain as chairman of the Africa Subcommittee of the International Relations Committee.

Others in the firing line include Mr. Daniel Flood, a Congressman from Pennsylvania, under indictment for perjury, bribery and conspiracy, and congressman Mr. Charles Wilson, a Congressman from California, reprimanded for failing to report a gift from South Korean businessman Tongysun Park. Both hold influential subcommittee chairmanships.

Both caucuses will also be debating changes in the rules on congressional legislative processes. Present rules make it possible for Congressmen to push through special interest bills with *minimal time for debate and* consideration.

Generally, however, it will be the Senate committee chairmanships which will attract the greatest attention. The committee due for the most radical surgey is Foreign Relations, which will have a new chairman —probably Senator Frank Church, the Idaho Democrat—and which no whas seven vacancies as a result of defeat and retirement.

The committee is traditionally rather a liberal preserve, but its ideological composition could change if conservatives from both parties succeed in their efforts to be appointed.

Senator Long again backs VAT

BY OUR OWN CORRESPONDENT — WASHINGTON, Dec. 4.

SENATOR Russell Long, the powerful chairman of the Senate Finance Committee, has resuscitated the idea of a value added tax for the United States.

In a speech in his home state of Louisiana over the weekend, Mr. Long claimed that use of VAT would make it possible to eliminate the current social security payroll system of taxation and make a sharp cut in income tax.

This is not the first time the Senator has spoken favourably of VAT in recent years. His comments are given added point these days because of the widespread unease both about the funding of the social security system through employer and employee contributions and the latest sharp increase in social security levies.

These are due to increase further in January and are often cited as substantial factors behind both the rise in inflation and the decline in American productivity.

However, Mr. Long, who is nothing if not a realist, is known to feel that such a reform could not be enacted without the whole-hearted support of the administration.

Yesterday, Mr. Charles Schultze, chairman of the President's Council of Economic Advisers, made it clear that such backing would not be forthcoming in the current inflationary environment.

As part of its policies to control the rise in the cost of living, the administration had toyed with the idea of recommending that the scheduled increases in social security taxes due to take effect in January should be wholly or partly rolled back. But it appears to have discarded this option, claiming instead that the tax cut to be applied next year will neutralise the additional burden on the economy. Mr. Long has also said in the past that he would not support such a rollback.

In his speech in New Orleans, Senator Long reportedly mentioned that he thought a VAT rate of 10 per cent might be appropriate. He also said that the combined federal and local income tax obligation should be limited to 33 per cent of income.

Net inflow of poor to south

BY DAVID BUCHAN — WASHINGTON, Dec. 4.

MORE POOR people are now migrating to the south from other regions of the U.S. than are leaving it, according to a survey by the Census Bureau which shows that between 1975 and 1977 there was a net inflow of 127,000 poor into the south.

The officially defined poverty line last year was \$6,190 for a non-farm family of four.

The reversal of the historical exodus of poor whites and blacks from the south is a response to the recent economic boom in the so-called sun belt states. The study's author, Dr. Larry Long, concludes that the poor have been attracted more by the better job prospects in the south than the higher level of welfare benefits outside the south, thus upsetting the commonly held notion the southern poor are an increasing burden on the big cities of the north-east.

The watershed in this migration pattern was some time in the early 1970s. Between 1967 and 1971 the poor were leaving the south at an annual rate of 4,000, but by 1975 the flow had reversed, with many more poor staying in the south and migration to the north reduced to a trickle.

Southern states last year continued to have the largest proportion of poor, with 15 per cent of their population living on or below the poverty line. But the migration of poor back to the south makes the south's recent gains all the more impressive. Two years ago, income per head in the south had risen to 90 per cent of the national average, and Dr Long's survey claims that if present trends continue, the historic poverty gap will close by 1988.

However the Census Bureau defines the south very broadly to include richer border states such as Kentucky and as far north as Maryland and Delaware. But Dr. Long claims the results would have been much the same if his study had been confined to the deep south.

Victory claim in Venezuela poll

CARACAS, Dec. 4.

SR. LUIS HERRERA CAMPINS, the opposition candidate, today claimed victory in Venezuela's presidential election after unofficial voting returns had put him in the lead.

Unofficial counts of 85 per cent *of the vote showed Sr. Herrera* Campins leading by 200,000 votes over Sr. Luis Pinerua Ordaz candidate of the ruling Action Democratica.

Official returns, delayed by almost six hours because of late closing of hte polls, also gave an edge to the Sr. Herrera's Social Christian Party. With 4.5 per cent of the vote counted, Sr. Herrera led with 44.5 per cent, while Sr. Pinerua had 42.8 per cent.

Sr. Herrera gave a victory speech at his party's headquarters promising to lead an administration of national unity.

Late closure of the polls resulted from a big turnout of voters which is expected at least to match the 90 per cent registered in the 1973 elections.

Reuter

Editorial comment Page 18

Canadian aircraft choice may be reduced to one

BY VICTOR MACKIE — OTTAWA, Dec. 4.

McDONNELL DOUGLAS Corporation of St. Louis will decide after discussions with the Canadian Government on December 14 whether it will remain as a finalist in the competition for the C\$2.5bn (£1bn) fighter aircraft contract.

The company with its F-18A aircraft is on the recently announced short list now before the Cabinet, along with General Dynamics' F-16, to provide a fighter aircraft for the Canadian armed forces.

The meeting in mid-December will mark the start of talks to *negotiate final contracts with the* two manufacturers, and will also determine the potential industrial benefits Canada may gain from the programme.

"We want to see what the requirement and ground rules will be. We will decide after that meeting whether we are going to bid or not," a company spokesman said.

Mr. Barney Danson, the Defence Minister, said today the Government would have to reassess its fighter plane programme if McDonnell Douglas dropped out. He told reporters it would be "very unwise" to continue final negotiations with only one company.

McDonnell Douglas is unhappy over the interpretation of remarks made at a Press conference last week attended by Mr. Danson and Admiral Robert Falls, Chief of Dence Staff. It was implied at the conference that the smaller, less expensive F-16 was already the chosen aircraft and the larger and costlier F-18A was only in the game to maintain the facade of competition.

OVERSEAS NEWS

Hanoi steps up support for Khmer insurgents

By Richard Nations — BANGKOK, Dec. 4.

VIETNAM today took its support of an insurgent movement in Cambodia a step *further* by broadcasting over Radio Hanoi a report of what was claimed to be the inaugural meeting of the Central Committee of the new Kampuchean United Front for National Salvation.

The aim of the front, which Radio Hanoi says was set up two days ago in "a liberated zone" of Eastern Cambodia (Kampuchea), is to overthrow the Khmer Rouge regime of Premier Pol Pot and establish a "neutral and non-aligned" Kampuchea.

In backing the front so openly, Hanoi's purpose *seems* to be to make more credible its claim that there is widespread popular resistance inside Cambodia.

Today's announcements, however, come just over a fortnight after the first signs of renewed heavy fighting in the border region. This may prestage a Vietnamese "dry season offensive," aimed at controlling the north-eastern quarter of the country.

Hanoi has long been training a force recruited from 160,000 Khmer refugees and defectors in Vietnam. Some of the estimated 20,000-strong irregulars are said to be deployed in Eastern Cambodia, in support of Vietnamese ground operations in the Fish-hook area.

This is the first time, however, that the existence of a self-styled liberation front has been disclosed—an unmistakable sign of Vietnam's determination to remove the Phnom Penh Government.

The front's own "liberated radio" —the Cambodian News Agency —was said to have broadcast today the Central Committee's first meeting, which took place two days ago "somewhere in the liberated zone of Kampuchea."

Mr. Heng Samrin, the Central Committee's President, is alleged to have been the former political commissar and commander of the Fourth Division in the Eastern Region.

Others of the 14-member Central Committee—a hill tribesman, a woman, a senior Buddhist monk, a doctor, an engineer, a physicist, and a journalist—appear to be tokens of the party's wish to build a broad coalition, of all groups disaffected by Khmer Rouge radicalism.

The party programme promises to "restore *Kampuchean* rights . . . to rebuild their family life, and to (allow) freedom of movement, association and *religion.*" It also pledges "to re-establish banks, reissue currency, abolish the compulsory work system and build a planned economy with markets and the circulation of goods."

It is questionable how far this appeal to moderation will overcome the traditional Khmer hatred for the Vietnamese which has sustained Cambodia's war effort, despite Khmer Rouge cruelties. Hanoi, however is not relying on politics alone.

There are indications that elements of 14 divisions—more than 100,000 men—are massed along the Cambodian border, with up to 20,000 men holding enclaves 15 kilometres inside Cambodia. They have recently been heavily reinforced with supplies and hardware.

A division of Cambodian troops of up to 3,000 men was also said to have been destroyed, and 500 men were killed near Snoul, in the Fish-hook area, last November 18, when engaged by two Vietnamese divisions and supporting air attack. Vietnamese bombing and strafing raids have increased now that the sky is clear and the flood waters have drained from the Cambodian side of the Mekong Delta.

Vietnam appears to have the political and military wings of its Cambodian campaign firmly in the field. But opinion is divided over which will lead the coming offensive. Some observers expect Vietnamese forces soon to drive up to the Mekong at Kratie, cut the north-eastern quarter of the country off from the capital, and open the way for the united front to liberate the territory.

Others view such an overt drive as too risky, given the unknown extent of Peking's commitment to Phnom Penh and recently escalating pressure from China on Vietnam's northern border. These observers expect the guerrillas to take a greater part of the fighting, while Vietnamese patrols engage the Cambodian army from the enclaves Hanoi already holds.

Heavy Namibia poll claim but security remains tight

BY QUENTIN PEEL — WINDHOEK, Dec. 4.

VOTING in the disputed election in Namibia (South West Africa) began today amid heavy police and military security, with the South African authoritis claiming a heavy early turnout at the polls.

As Judge Marthinus Steyn, the South African administrator general in the territory, declared that the day marked "the door to a new era," the huge official operation to encourage a heavy poll, in spite of the abstention of two of the four major political organisations, *swung* into action.

Police, armed with machine pistols, guarded the polling stations; soldiers patrolled key points in the capital; and election officials explained the complex voting procedure to the first-time voters. Some 60 per cent of the Namibian population is illiterate, and polling officials, under the scrutiny of party officials, will vote on their behalf.

But there were immediate allegations of intimidation of voters by the front-running Democratic Turnhalle Alliance, which is confidently expected to win an absolute majority. Ironically, the allegations came not from the South West Africa People's Organisation (SWAPO), whose principal internal leaders were detained by the security police yesterday, but from the Right-wing and largely white Aktur Party.

Aktur, which includes the former ruling National Party, had already objected to a DTA plan to hand out free food at the polling stations. Today, party organisers appealed against the huge marquees erected immediately outside polling stations in Katatura, Windhoek's black township, through which potential voters had to queue to vote.

"It is *unbelievable* the intimidation that is going on here," an angry Aktur official claimed. "There is nothing of a free election here whatever."

Aktur is expected to win a majority of the white vote in the territory, but not to attract any significant numbers of black voters. Both the major black nationalist parties, SWAPO and the Namibia National Front, have refused to take part in the poll, calling for UN-supervised elections next year. In their absence, the DTA is likely to be a clear victor.

Judge Steyn himself addressed Government guests and journalists today to defend the current exercise. He said that there had been an irresistible tide of public support for elections to be held before the end of the year. The key question was whether a clear majority of the electors would now vote, in spite of the boycott campaign. The authorities sa that 92 per cent of the eligible voters have registered to vote.

Speaking only hours before the meeting of the UN Security Council was called to consider progress towards UN-supervised elections in the territory, Judge Steyn said that, "everything reasonable should be done to achieve an internationally-recognised *independence* . . . within limits." If the people elected in the present exercise were not prepared to go along with UN-supervised elections, "that will have to be very earnestly considered by everybody."

He defended Sunday's detentions of SWAPO leaders as being solely a police action in the wake of the two bomb blasts in Windhoek on Saturday. He also defended the expulsion of two churchmen from the territory, but declined to give any specific reasons for his action. One of the churchmen, Mr. Justin Ellis, had produced a report on irregularities in the official registration process for this week's election. Polling lasts until Friday, and a result is expected about one week later.

Begin rejects Sadat proposals

BY DAVID LENNON — TEL AVIV, Dec. 4.

HOPES FOR a break in the *impasse in the Middle East peace* talks suffered two blows today, as Israel rejected Egypt's latest proposals and reinstated a hard-line policy on the occupied West Bank.

Mr. Menahem Begin, the Prime Minister, sent a letter to President Anwar Sadat of Egypt, rejecting his suggestions for breaking the stalemate. The letter was formulated in consultation with senior Israeli Ministers, *who met Mr. Begin this morning.*

Officials said the Israeli letter was a polite but firm rejection of the Egyptian demand for a target date for elections to a Palestinian self-governing council for the West Bank and Gaza Strip.

It also rejected President Sadat's request to change the draft treaty's article six, which gives the treaty priority over other commitments made by the two nations. Egypt's request for a special status in the Gaza Strip when self-government is instituted, was also rejected.

Officials here were not optimistic about the prospects for progress in the negotiations after the exchange of the two letters. Both sides have repeated their known positions, but do not appear to have indicated willingness to make any concessions on the basic sticking points.

Meanwhile, on the occupied West Bank, Israel reverted to a tough policy against Palestinian guerrillas when the army blew up the homes of two people accused of committing murder and sabotage. Blowing up the homes of suspected guerrillas was *frequent* during the late 1960s, but had fallen out of favour in recent years. Today's demolitions were the first carried out by the Begin Government since it came to power 18 months ago.

Louis Fares reports from Damascus: Senator Robert Byrd, who is on a Middle East mission for President Carter, arrived in Damascus today. U.S. officials said he would meet President Hafez Assad and Syria's Foreign Minister. They denied reports that he would meet Mr. Yasser Arafat, leader of the Palestine Liberation Organisation.

Mr. Byrd was in Amman yesterday where he is reported to have tried to persuade King Hussein to join the peace negotiations.

Egypt's Arab ties threatened at meeting

BY KATHLEEN BISHTAWI — DUBAI, Dec. 4.

EGYPT'S uncertain position in the Arab world is going to be uncomfortably highlighted this week as trade ministers and officials from 13 Arab nations meet in Dubai tomorrow to discuss future Arab economic unity.

This week's meeting of the Arab Economic Unity Council is the first to take place since the conclusion of the Camp David agreement and the resumption of peace talks between the Egyptians and Israelis in Washington.

Officials at the conference said that Egypt's position in the Arab economic world in the eventuality of a peace treaty being signed with Israel is one of the main items on the agenda. Also to be discussed is the implications such a treaty would have on the Israeli boycott and the part Egyptian companies may play in future relations between the two countries.

The officials emphasised that the conference is being convened "in the framework of the Baghdad summit resolutions." *The Baghdad summit* discussed the possibility of removing the Arab League headquarters to another Arab country, and as a council delegate pointed out, "whatever applies to the Arab League applies to all pan-Arab institutions." The headquarters of the council is also presently in Cairo.

Asked if an ultimatum was going to be put to Egypt at the meeting, the official commented that, "I cannot say whether it will come to a vote, but it is on the table for discussion."

Egypt will be placed in a particularly embarrassing light at this conference, as its acting minister of trade, Mr. Mathat Abdul Aziz, currently holds the chairmanship of the council. The Egyptian minister became chairman by mere alphabetical rota last June at a council meeting in Baghdad. His term of office is due to last another seven months.

The disarray of the Arabs is painfully apparent at this economic unity meeting. No diplomatic relations exist between Egypt and four other member states, namely Libya, Syria, Iraq and South Yemen. North and South Yemen, which are also attending the conference, maintain no relations either.

The council will be conspicuous *for* its absentees. Lebanon, Tunisia, Morocco and the richest Arab country of all, Saudi Arabia, are not members. Dr. Fakhri Kaddouri, former Iraqi trade minister and now general secretary of the council, said negotiations with other Arab countries were continuing but no immediate requests for membership were expected.

THE UNITED ARAB EMIRATES

Unity despite disunity

BY OUR FOREIGN STAFF

THE UNITED Arab Emirates, *the federation of seven Sheikh*doms in the lower Gulf led by Abu Dhabi and Dubai, has shown itself to be the most durable example of unity in the modern Arab world. Last weekend it celebrated its seventh anniversary—refuting those critics who did not expect it to hold together more than a few months. Yet the contradictions and internal *tensions that lurk beneath the* surface of the UAE were apparent on National Day. While Sheikh Zaid, Ruler of Abu Dhabi and President of the UAE, attended the celebrations in his capital, Sheikh Rashid of Dubai, the Vice-President, was away falconing in Pakistan. His absence did not go unnoticed.

Progress towards greater internal cohesion in the UAE has always been uneven but the past year has been a particularly uneasy one in the Emirates. A set of stubbon disagreements between Abu Dhabi, which is one of the world's biggest oil exporters, and Dubai, with a smaller oil income but a big trading revenue, have become more intractable, with Sheikh Rashid speaking publicly during the summer of the possibility of Dubai leaving the federation. Few people took that threat at face value but the fact remains that despite mediation by several countries including Britain, Iran and Saudi Arabia the differences between the two most important emirates have yet to be ironed out.

The situation has become more urgent because of the turmoil in Iran. The UAE was founded when Britain withdrew from the Gulf in 1971. Iran immediately stepped into the vacuum, seizing three of Emirates' islands, and from then on dominated the region by its superior military power, while the prestige of the Shah boosted other monarchs in the area. Now the Shah's throne is in danger and the Iranian armed forces are tied down trying to keep order at home. The *security of the Gulf states and* their traditional rulers is in danger. Yet it is difficult to detect many signs of urgency in the UAE.

The differences among the Emirates have been emphasised by the fact that the astronomical *rates of economic growth of 1975* and 1976 are over and though development is actually continuing the very different styles of Abu Dhabi and Dubai have become more obvious. Abu Dhabi has become more austere, while Dubai is liberal in heart and in pocket, believing this is essential to its fulfilling its role as a kind of Singapore for the UAE and the Gulf. In Abu Dhabi there are increasing restrictions on alcohol. Dubai in contrast has hotels, pubs and *entertainment centres* that are becoming the talk of the Gulf.

The economic policies of the two emirates are very different. Abu Dhabi wants the current period of economic consolidation and measured growth to continue. It is aware that high spending in the UAE leads to higher immigration from other Arab states and the subcontinent, putting the indigenous population into more of a minority. Investment in the western countries is becoming less attractive because of the uncertain dollar and the involvement with the U.S. that this involves. The most desirable alternative, Abu Dhabi is realising, is to invest in the Arab world. In this way there is less movement of population. However such policies require a stable Arab world, hence Abu Dhabi's concern about *the divisions caused* by Mr. Sadat's peace initiative.

Dubai, on the other hand, is firmly committed to large scale industrialisation, including its aluminium smelter at the new industrial city of Jebel Ali. Having absorbed large scale immigration without too much strain in the past, it is less worried about it than Abu Dhabi. It also feels that with its commercial skills it can be successful in the uncertain waters of industrialisation in the Gulf. But the buoyancy of its commerce has been affected by Abu Dhabi's slower growth, while the northern emirates have been sorely affected by, for example, the credit squeeze imposed by the banks and by Abu Dhabi's reluctance to use its wealth to bail out those emirates which get into difficulties because of their ambitious development schemes.

Abu Dhabi, with support from some of the other emirates, would like to see a rather stronger federation, avoiding some of the duplication in economic development that has taken place because of competition between the individual states. Dubai, on the other hand, with its own supporters, is opposed to too much centralisation and sees the federal bureaucracy, based in Abu Dhabi, as inefficient and intrusive. Sheikh Rashid has been very reluctant to make contributions to the federal budget. Dubai is also concerned about the increasing powers of the federal ministers and believes that the *federal* cabinet is assuming powers that rightfully belong to the supreme council made up of the rulers. Yet the supreme council has not met for more than six months.

The dispute which brought these underlying problems to a head came last spring when Sheikh Zaid appointed his second son Sheikh Sultan to the post of commander in chief of the federal armed forces as part of a plan to unify them. The move pre-empted discussions already in progress and was announced while Sheikh Zaid was out of the country, leaving Sheikh Rashid as acting-President. Sheikh Rashid says that he was not consulted and that the procedure used breached the constitution. Since then the unification of the armed forces has been stalled.

The slowdown in the development of the federation has affected other institutions. The Currency Board, which is intended to become the UAE's central bank, complains that neither Abu Dhabi nor Dubai channel sufficient of their oil revenues through it in order for it to fulfil its functions. In the circumstances there is doubt about the projected national planning board which is supposed to draw up an economic and industrial plan for 1980 and beyond.

In this uncertain mood there is a tendency to forget how much has been achieved in the development of this barren part of Arabia, not just in economic terms (oil has transformed some of the poorest people in the world into among those with the highest per capita income anywhere. But this has made many UAE nationals, especially those returning from education abroad, more aware of the defects of their society: its extravagant consumerism and its population imbalance, and more worried about its future. They would like to see the rulers reach a compromise on the issue of the armed forces and a consensus on the future of the union to defuse the present tensions.

Anti Shah call to desert army

By David White — PARIS, Dec. 4.

AYATOLLAH KHOMEINI, the Iranian religious leader now exiled in France, stepped up the tone of his campaign against the Shah at the weeen by calling *on soldiers* to leave their barracks.

The Ayatollah's latest appeal to his Shi'ite Moslem followers brought a sharp reaction from the French authorities, who today issued their thrid warning about his activities on French territory.

The Foreign Ministry's Director for Administrative Affairs, the senior official responsible for aliens in France, was sent to the Ayatollah's headquarters at Neanphr le-le-Chateau, 30 miles outside Paris this afternoon.

It was the most formal move made so far by the French Government with regard to the increasingly embarrassing presence of the Ayatollah, who arrived in France from Iraq two months ago.

President Valery Giscard d'Estaing revealed two weeks agon that the Ayatollah had already been warned twice not to use his French base to incite violence in Iran.

The Shi'ite leader was understood to have been told today that his permission to stay, which expires in any case on January 5, was conditional on his "discretion."

The Ayatollah has said he regards his stay in France as temporary and is believed to be seeking entry to a Moslem country.

In his appeal sent out yesterday, *he told soldiers* it was their religious duty to desert.

He described recent army action against demonstrators in Tehran as "a bloody massacre, an infamy for the Shah and his supporters inside and outside the country."

He added: "I ask all Iranian soldiers to flee from their barracks." It was their religious duty to do so, he added.

Ayatollah Khomeini also warned politicans against co-operating with the Shah in any way, and urged Iranian workers to continue their strikes and to paralyse the economy.

"The strike in the oil industry in particular, which prevents the looting of the nation's wealth, is an act of obedience to God," he said.

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WORLD TRADE NEWS

15.1% growth in British exports to West Germany

BY JONATHAN CARR

BONN, Dec. 4.

BRITISH EXPORTS to West Germany grew by 15.1 per cent to DM 8.8bn (£2.43bn) in the first nine months of this year and now take a somewhat larger share of Germany's total imports than they did a year ago. The growth was in the key sector of wholly manufactured products as well as in raw materials, notably oil.

Figures released by the Federal Statistical Office show that West German exports to Britain were even more buoyant —rising by 17.4 per cent to DM 12.2bn (£3.37bn) and thus increasing the German trade surplus with Britain to DM 3.4bn.

However, the surplus figure alone partly obscures the fact that both countries are having greater success in penetrating the home market of the other. The rate of increase in bilateral trade is higher than that between West Germany and almost all other European Community countries.

Further, the volume impact of British exports on the German market is understated by expression of their value in terms of the Deutsche Mark—which has appreciated against sterling by about 7 per cent since the start of this year.

During January - September, British goods took 4.9 per cent of the German import market against 4.4 per cent in the same period last year. Even excluding crude petroleum (exports of which rose by 44 per cent to a value of DM 930m) British goods were still accounting for 4.8 per cent of German imports against 4.5 per cent last year.

Exports of British wholly-manufactured* products rose by 14 per cent to DM 5.8bn, accounting for 6 per cent of German imports of these goods against 5.7 per cent in January-September, 1977.

Among the successes here were exports of British textile and leather machinery, which increased by 29.2 per cent to DM 55m (10.5 per cent of German imports against 8.4 per cent last year), of office machinery, including computers, which were up by 11.7 per cent to DM 369m (13.4 per cent of German imports against 13.1 per cent before) and of electrical engineering products, which increased by 14.1 per cent to DM 645m (5.9 per cent of imports against 5.7 per cent).

On the other hand, while exports of motor vehicles rose by 14.1 per cent to DM 703m, Britain's share of German imports of these products nonetheless fell to 6.4 per cent against 6.6 per cent in the first nine months last year.

● The UK was Hong Kong's leading market for watches within the European Economic community for the first three-quarters of 1978. The UK purchases went up by 120 per cent over the similar period last year to total £14.37m.

According to trade statistics from the Hong Kong Trade Development Council issued in London today, the UK market accounted for nearly 44 per cent of Hong Kong's total watch exports to the EEC which were valued at £32.71m.

EEC bid to aid Pakistan trade

BY CHRISTOPHER SHERWELL

ISLAMABAD. Dec. 4.

PRIVATE businessmen in Pakistan and the EEC countries, with help from the European Commission in Brussels, are attempting to boost Pakistan's exports to the Nine. A ten-man Pakistani delegation is currently on a sales mission to six European countries, while a group of European businessmen has just ended a buying visit here.

The EEC's interest, according to the leader of the European group, lies in promoting trade relations with developing countries which have balance of payments problems. For Pakistan, which has run a large trade deficit every year since 1973, such opportunities to redress the balance are welcome.

Pakistan's successful surgical instruments and sports goods industries have provided a main focus of interest, along with more traditional items like onyx products, wood furniture, handicrafts, carpets, and rugs.

Taken together, these form less than 15 per cent of Pakistan's exports by value. Though all are growth sectors, they are small compared with cotton and cotton products, which are responsible for 35 per cent of Pakistan's export earnings. Over a quarter of Pakistan's trade, on imports and exports, is with Western Europe, with the balance against Pakistan.

The two trade misssions have both been sponsored by the European Commission. How successful they have been will only emerge in time, but one difficulty has been over traditional items, where establishing direct contact with the usually small-scale producers means trying to by-pass ever-present middle-men. The business seems unlikely to grow until producers can be made more aware of the market.

One novel area of European interest, canned shrimps, seems unlikely to be catered for until quality is improved, and this has been a complaint in other fields. As a result the European mission appears to have been mostly an attempt to build up relations, and orders have been made mainly to see whether there is any future in trade with Pakistan.

Though Pakistan's sports goods industry has seen remarkable output and export growth since independence in 1947, its competitiveness has been less effective in the past couple of years, partly because it has not received the support it has demanded from the Government.

Over 20,000 people are employed in the surgical instruments industry which, like the sports goods industry, is based in Sialkot in the Punjab and competes with the world's best.

Coinciding with the attempts stimulate Pakistan-EEC trade, a U.S. team representing companies in the communications industry has visited Pakistan to assess the market for communications equipment.

The companies concerned—Western Electric, 3M, Motorola and Rich Electronics—are competing with companies from Britain, Germany, Japan, France, Sweden and Holland.

U.S. allows sale of oil equipment to Russia

By David Satter

MOSCOW, Dec. 4.

MRS. JUANITA KREPS, the U.S. Commerce Secretary, today signalled American willingness to work for expanded U.S.-Soviet trade, announcing authorisation of 22 U.S. oil equipment export licences at the opening of the meeting of the U.S.-USSR Trade and Economic Council.

The licences affect contracts with an estimated value of $65m, the last of a group of contracts which have required White House approval since July when President Carter imposed new controls on oil equipment sales in retaliation for Soviet dissident trials.

Mrs. Kreps and Mr. Michael Blumenthal, the U.S. Treasury Secretary, had talks today with Mr. Alexei Kosygin, the Soviet Premier, for 90 minutes and there was reported to have been "a useful exchange of views on improving trade relations between the two countries."

The week long meeting of the U.S.-USSR Trade Council is to be attended by 400 top U.S. business leaders and is expected to feature a major effort by the Soviets to convince U.S. businessmen of the importance of an end to the Jackson-Vanik amendment which ties liberalised U.S.-Soviet trade to a Soviet undertaking to allow freer Jewish emigration.

Mr. Blumenthal, however, sharply criticised the Soviets for their handling this summer of the case of U.S. businessman Francis J. Crawford and gave no indication in his opening remarks at the meeting that the Carter Administration was contemplating any compromise in its attitude toward the political implications of U.S.-Soviet trade.

Mr. Blumenthal said that the violence used against Mr. Crawford, a former Moscow representative of International Harvester convicted of currency speculation, was "quite inappropriate." He said it "profoundly disturbed" the U.S. business community.

Chinese nuclear plant order expected to be first of many

BY COLINA MacDOUGALL

CHINA'S PURCHASE of two nuclear power plants from France, announced yesterday, comes after visits by Chinese missions to British and Italian, as well as French installations, and inquiries for Japanese and Italian thermal power stations have been reported.

So far, China has no nuclear power industry of its own, although it is believed to have built a small reactor. Sir Francis Tombs, chairman of the Electricity Council, is in Peking until next Sunday, leading a delegation that includes two General Electricity Generating Board chairmen and a member of senior management of the operating side.

Previous Chinese missions to Britain have looked at the Ratcliffe and Didcot coal-fired plants, the Kingsnorth oil-fired plant, and the Hinckley Point B nuclear plant.

The purchase from France is likely to be just the first in a number of power plant deals, as China's industry is seriously inadequate for present needs, let alone its ambitious modernisation programme.

The Chinese have already agreed to supply fuel for a new coal-fired installation in Hong Kong, which may in due course export power to South China.

Chairman Hua Kuo-feng listed 30 power stations among the major projects he outlined in a speech last March. These are all to be completed by 1985.

In China's previous round of importing industrial equipment in the early 1970s, Peking bought far more power plant from the Soviet Union and Eastern Europe than from the West and Japan.

Capacity purchased from the Russians in 1972-75 totalled 2,000 MW, and from Czechoslovakia 450 MW. From Italy it totalled 1,065 MW, from Japan 750 MW, and from France and Switzerland together 300 MW.

China's total generating capacity was estimated for 1977 at 43,000 MW, the ninth largest power industry in the world, but its per capita output is very low, similar to that of India and Zaire.

Foreign factor in Brazil deficit

BY DIANA SMITH

RIO DE JANEIRO, Dec. 4.

BRAZILIAN EXPORT Bureau Statistics show that foreign chemical and drug companies, Brazilian state-owned steelworks and a foreign-owned pulp, livestock and farming concern were responsible for the heaviest individual trade deficits in the first nine months of this year.

The Jari (Amazon) forestry, pulp and farming enterprise, owned by the American billionaire Mr. Daniel K. Ludwig, headed the list of concerns with major trade gaps. It imported $293.5m and exported $2.64m. The lion's share of this gap can be attributed to Mr. Ludwig's import, earlier this year, of a fully-manufactured pulp plant and power plant from Japan, towed across the oceans to the depths of the Amazon. The cost of the pulp plant alone was $200m.

Meanwhile five foreign drug or chemical companies—Ciba-Geigy, Bayer, Hoechst, du Pont and Monsanto—imported $177.9m between them in nine months and exported only $4.43m. The Brazilian Government's lack of success in persuading them to import less and export more is reflected by the fact that, in 1977, these five companies imported $106.7m (65.5 per cent less than in 1978) and exported $3.06m—45 per cent less. Only one company, Dow, exported more—$11.8m (compared with imports of $28.97m). The lowest single exporter of all six companies was Monsanto, with $290,000 in foreign sales (and $25.125m in imports).

Four Brazilian state-owned steel works — Usiminas, the national steel company, Acesita Special Steels and the Sao Paulo Steel Company, imported $405.8m this year, compared with $418.8m in 1977, exporting $53.46m this year and $6.86m last year.

These units are key factors in Brazil's plans to be self sufficient in steel by the late 1980s. All were completing stage two expansion programmes with imported equipment.

Their higher exports this year — especially the National Steel Company (CSN) in Rio de Janeiro State, which increased exports ninefold from $4.12m to $37.5m, is a positive sign.

Peking cast iron contract

BY OUR OWN CORRESPONDENT

RIO DE JANEIRO, Dec. 4.

THE CHINA Minerals and Metals Corporation is to buy 200,000 tonnes of cast iron from the Brazilian producers, Cimetal. The contract, which includes 24,000 tonnes of rolled steel, is worth $35.5m.

The deal, says Cimetal, is particularly important, not only because Brazil is in a position to complement traditional Australian supplies of cast iron to China, whose annual demand is now 1.5m tonnes, but because Cimetal negotiated directly, for three years, with the Chinese corporation, freeing itself from a situation whereby Brazilian cast iron has made its way indirectly to China through transactions by international trading companies.

Moreover, Brazilian cast iron manufacturers have had problems with their traditional foreign markets, the U.S. and the EEC, where they were accused of unfair competition and dumping, respectively.

Manufacturers reject the "unfair competition" charges made by Hanna Furnace of the U.S., which claims that the Brazilian product (13 per cent of all U.S. imports of cast iron) is 75 per cent subsidised and should be covered by countervailing duties. Only a 20 per cent tax relief is given exported cast iron, the Brazilians say, maintaining that American accusations are "groundless."

Kenyan jobs seen as 'pragmatic'

By John Worrall

NAIROBI, Dec. 4.

NEW DIPLOMATIC appointments suggest that Kenya is pragmatically adjusting its foreign policy to its economic needs.

Kenya has appointed a High Commissioner for the first time to Canada, very much a favoured nation for its specialised technological aid. Nairobi is the regional centre for Canada's prestigious international research and development centre.

For the first time a Kenyan Ambassador has been appointed to Japan, which has recently been financing many aid projects, in tourist infrastructure and technical education, and there are a number of joint commercial ventures in the radio and television field. It is felt in Kenya, however, that Japan could be more forthcoming in the aid field in view of the almost irreversible trade balance in Japan's favour.

Kenya has also re-opened its Embassy in Peking, which was closed during the cultural revolution.

A strong new Kenya Ambassador has been appointed to the EEC, fast becoming Kenya's foremost aid giver after Britain. Brussels is seen here as being a pivotal point for multinational activities in the financial and economic sphere with which Kenya is associated. The new Ambassador is Mr. Japhet Kiti, deputy secretary in the Ministry of Foreign Affairs.

Austria-Ford talks reported

VIENNA, Dec. 4.

THE Austrian Chancellor Mr. Kreisky was quoted today as saying he has had talks with Ford Motor on the possibility of Ford setting up a car plant in Austria.

Mr. Kreisky told the newspaper Kronenzeitung that negotiations with Ford were under way, although no result was yet in sight. Informed industrial officials, meanwhile, said the projected plant could produce 200,000 cars a year and create 10,000 jobs, but they stressed the talks were at a very early stage. Reuter

Istanbul construction companies are looking abroad for major contracts. **Metin Munir** reports.

Turkey aims for $5bn currency boost

FACED WITH one of the most severe foreign currency famines in its history, the Turkish Government has started looking at overseas contracting as one of the best ways of boosting the country's foreign currency earnings.

Little that is tangible has been done so far, but it is estimated that if Mr. Bulent Ecevit's Government can improve the conditions, Turkish contracting companies can undertake at least $5bn-worth of construction work in the Middle East and North Africa within three years of which half could be remitted home in hard currency.

Mr. Temiz Ustun, the director of Istanbul-based Enka's overseas construction work, said: "If the Government takes us out of the straight jacket and lets us breathe we can do as much work as the South Koreans."

Turkish construction companies started entering the Arab market in 1973 and there are now 17 companies with total overseas undertakings of $1.6bn. More than half of the deals are in Libya where Turkish companies are building harbours, highways, cement plants and houses. The bulk of the rest is in Saudi Arabia (pedestrian tunnels, cement and limestone plants, mosques and sewage projects). The biggest of these companies is the Sezai Turkes-Feyzi Akkaya Partnership which has a total contractual undertaking of $450m.

Specialising mainly in bridge construction and piling operations, the Akkaya-Turkes Partnership tried to "burst out," as Mr. Vasfi Cankat, their top executive puts it, in 1967. They put in bids for the Madagascar harbour and Mecca drinking water projects but lost "because we had no self confidence then" Their first overseas contract was Tripoli port expansion which they won in 1973. The company now has six projects, five in Libya and one in Saudi Arabia.

Other big companies include Libas ($350m), Bahattin Goren ($181m) and Temel Enerji ($120m). The first Turkish contracting company to obtain a contract abroad was Enka, whose total contractual undertakings in 1977 totalled 8.560bn Turkish lira ($450m)—32 projects of which nine were in Saudi Arabia, Libya and Iraq.

The domestic construction boom which has been going on for nearly two decades has made this sector one of the largest in Turkey and created companies which are big, even by international standards. For these, working abroad was the best way of exploiting their idle capacity. Furthermore, there were more profits to be made.

The companies owe much of their success abroad to their competitiveness. Turkish labour is half the price of that in Europe and Turkish companies are claimed to make better use of machines than their competitors because they have fewer of them.

Another reason for going abroad is Government control on spending in order to curb inflation, and contractors are among the group which has been worst hit. A few of the Turkish contractors abroad collaborate with foreign companies in deals like sub-contracting, joint ventures or consortia. Enka, Bimnol, Tekfen and Kutlutas are among them, but most companies have little experience in joint work and the majority of their staff do not speak any foreign languages.

A sign of some success, however, is the fact that some major international banks like Citibank have agreed to provide bonding to the Turkish contractors. This is a significant development because bonding is the most difficult problem of contractors.

Few Turkish banks are large enough to supply bonds. Those which are large enough can issue bonds not exceeding 25 per cent of their capital unless the bond is for a company in which they have shares. In the last year or so this problem had been compounded by the fact that most foreign countries stopped recognising the guarantees of the Turkish Government and Turkish banks because of the economic crisis.

In order to surmount the bond problem some Turkish companies have been obliged to take "sleeping partners," and some exploitation has taken place. "Somebody comes along with a bond which you need to clinch a contract," explained one Turkish contractor. "You give him 30 per cent partnership in exchange for it. He does absolutely nothing, and he is a partner in the profit but not loss."

Almost all Turkish contractors, including Akkaya-Turkes, maintain that had there been no bonding problems, contracts could have easily been $5bn instead of $1.6bn.

In order to surmount this problem, or at least alleviate it, Turkey's largest banks have recently formed a consortium to provide bonds and loans to overseas Turkish contractors. The Finance Ministry, at whose initiative the consortium was established, has reinforced it by providing foreign exchange transfer guarantees for its bonds. The Ministry is also preparing a decree which would ease the formalities and provide incentives for the contractors.

Experts also believe that there is great potential for joint ventures between Turkish and foreign companies. "The Turks don't go in for this sort of thing not because they don't want to but because they don't know how to go about it," said a Turkish contractor.

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Would your bank manager buy you a new Rolls-Royce?

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Advanced engines studied by Rolls

By Michael Donne, *Aerospace Correspondent*

ROLLS-ROYCE is studying new aero-engine designs that would be more efficient than today's RB-211, in an era when existing fuels are likely to become scarcer.

A preliminary study of one such engine is included in a exhibition which the company is mounting to coincide with the three-day conference on "Energy and Aerospace" which starts in London today sponsored jointly by the Royal Aeronautical Society and the American Institute of Aeronautics and Astronautics.

The Rolls-Royce ideas are still in comparatively early stages, but like other aero-engine manufacturers the company has been devoting time and money to studying future power units that would either used less fuel or not depend on petroleum-based fuels

The exhibition shows an engine that would be 20 per cent more efficient than the RB-211, with a *much lower noise level. It would* use composite materials to cut its weight, and an advanced combustion system to reduce *pollution*.

The meeting will study the use of aerospace technology to help exploit alternative aviation fuels and use satellite-borne solar power-stations in space to trap the sun's energy.

Yorkshire textile industry worried by fall in orders

BY RHYS DAVID, TEXTILES CORRESPONDENT

PRODUCERS IN the Yorkshire wool textile industry are worried by a slowing of new orders.

Several companies in the sector, which has a total output of more than £1bn a year, have introduced short-time working *recently. Further redundancies* are now feared by unions to add to the total of around 1,400 jobs already lost in the course of this year. Until recently this was one of the most buoyant sectors of the UK textile industry.

Employment of production *workers in the sector, about* 60,000 over the past three years, has now dropped to around 57,000 with 800 jobs disappearing *in* August and September alone, the last two months for which figures are available.

No confidence

The industry's problems stem from a general lack of confidence over next year's prospects and this is causing producers throughout the production chain from finished cloth back to yarn and tops (combed wool) to delay placing orders.

The joint CBI-National Economic Development Office survey of textile trends carried out in October showed producers in all the main wool textile sectors were experiencing a slowing of demand with 88 per cent of worsted weavers and 65 per cent of woollen weavers reporting their order books below normal. Most were also expecting conditions to become more difficult.

A similar message has also emerged from recently published results of companies in the sector. The biggest group, Illingworth Morris, which announced profits slightly up on the same half year period last year at £2.37m, but warned because of uncertain trading conditions at home and abroad it would be unlikely to match these figures in the second half. Bulmer and Lumb, a specialist supplier of tops and yarn to the rest of the industry, also forecast profits for the year as a whole would be about the same as last year, despite a rise at the halfway stage.

The industry's doubts over next year come immediately after a period of strong growth in UK consumer demand for textiles. The benefits though, have gone only partially to domestic producers. Consumer expenditure on clothing has risen by around 6 per cent making it an attractive market for importers *especially* from the Continent where the rise in demand has been a modest 2 per cent.

Imports of most products have as a result risen substantially. Shipments of tops into the UK were up in the first eight months by 164 per cent, with South Africa the dominant supplier accounting for 1.3m kilos out of total imports of 3.2m kilos.

There have also been big increases in yarn, *fabric* and *other* imports from a variety of sources. In blankets, for example, imports from Czechoslovakia rose by 44 per cent in the first eight months to account for roughly one-third of total imports of more than 1m kilos. Blanket imports from Spain at 245,000 kilos were up nearly 500 per cent.

Italian prices

The UK wool textile industry has also been affected, however, by a weakening in demand for worsted fabrics.

Though Britain's woollen producers have been busier this year, this trade is now dominated in Europe by manufacturers in the Prato areas of Italy who have managed to produce at prices which can barely be matched elsewhere. In the period to August this year imports of woollen fabrics rose by nearly 60 per cent to 21.7m sq metres of which Italy accounted *for* 15.6m sq metres, a rise of 75 per cent.

Evidence from the latest Interstoff clothing textiles fair in Frankfurt, at the end of last month, also suggested that the fashion trend over the next year will continue to favour the woollen look.

In worsted fabrics, part of the problem has been the continued movement away from formal suits towards a more casual look and this has also affected the industry's export sales over the past year. Sales to Western Europe of worsted fabrics dropped from 4.1m sq metres to 3.25m sq metres in the first eight months of this year compared with the same period in 1977, *and sales to the North American* market were also down.

Some increase took place in exports to Japan and to the Middle East where Iran stepped up its imports from 317,000 sq metres to 2.6m sq metres as a result of a major order for uniform cloths.

But although conditions have become more difficult, some union leaders are expressing some concern that the industry may at present be talking itself into its present state of uncertainty, and they are warning, too, that further contraction could do serious damage to the sector.

The key period is now likely to be after Christmas when producers would normally expect to see some further ordering as customers assess the effects of winter sales. This will provide further evidence whether the industry is stuck on a plateau after the recovery of the past *two-to-three* years or can expect to move forward again next year.

Key industries will die forecast economists

BY DAVID FREUD

BRITAIN'S CAR, ship and aerospace industries are forecast to be virtually eliminated by import competition in the 1980s, even on the most optimistic assumptions, according to a Cambridge economics group.

Many industries which have been in decline or stagnant — transport, construction, textiles, printing — are expected to revive and others that have been growing slowly — drink, food, chemicals, instrument engineering — are expected to speed up.

Cambridge Econometrics, the forecasting wing of the Cambridge Growth Project, reaches these conclusions with its long-term model of the UK economy.

It differs from the models used by the Treasury, London Business School and National Institute for Short-Term Forecasting in short it has been designed to project the development of individual industries and of the economy as a whole over a period of 10 years or more.

The forecasts on the UK's industries apply if Stage Four of the Government's incomes policy has some effect in keeping wages growth below 12 per cent, but, if inflation takes off to 20 per cent, 750,000 jobs could be lost by 1981 and there is unlikely to be any growth until 1982.

If inflation is held at a more reasonable level the economists predict a bright long-term future of "tax cuts, trade surpluses, rising incomes and buoyant investment."

In the short term, however, the forecast is *considerably more* pessimistic

Next year increased inflation at home and abroad is expected to choke growth temporarily. Overseas, price rises to restore exporters' profit*ability are likely* to erode competitiveness. At home, price rises of 11.5 per cent are expected to eat up projected *wage increases of* 12 per cent.

Total consumer spending should go up 1 per cent next year, but durable and motor car purchases decline and distributors reduce stocks. Car imports will drop 12 per cent, but UK car output will plummet 20 per cent, say the forecasters.

Other manufacturing industries are expected to suffer to a lesser extent next year, and the energy, services and construction industries to keep growing. Overall growth in gross domestic product, thanks to stock reductions, is likely to be less than 0.5 per cent on the base of 1975 prices.

If Stage Four collapses and a wages explosion takes place, the position would become *more* serious.

UK: ANNUAL CHANGE % AT 1970 PRICES

	Gross domestic product	Consumer prices	Earnings	Consumer spending	Fixed investment	Imports	Exports	Chemicals	Motor vehicles	Construction
1977	0.3	14.5	6.6	−0.8	−3.2	4.9	7.1	2.3*	−3.9*	−3.5*
1978	3.1	8.3	13.5	5.7	3.3	6.7	1.2	1.5	10.4	3.8
1979	0.0	11.8	12.0	1.1	2.1	1.9	0.0	−1.8	−21.0	2.8
1980	1.7	7.9	10.0	1.6	1.9	4.9	4.8	3.0	−3.1	3.2
1981	2.3	5.8	8.0	2.9	1.0	5.9	4.0	4.2	−6.4	4.0
1981-85	1.9	6.0	8.0	2.5	1.7	3.9	2.3	3.2	−9.7	2.6
1985-89	2.2	5.7	8.0	2.6	1.6	6.2	5.3	4.1	−10.1	2.7

* 1973-1977

Neddy split on malt whisky export curbs

RAY PERMAN tells why the Scotch Whisky Working Party could offer only "good advice" yesterday on bulk malt whisky exports.

THE NEDDY Scotch Whisky Working Party's decision yesterday to offer only "good advice" on the subject of containing exports of bulk malt whisky, rather than a *formal* recommendation, indicates the complexity and sensitivity of the issue.

The working party was in fact split. Most of its members favoured a two-year trial period when malt shipments would be held voluntarily at their present level.

But a minority of two or three (there is some dispute among members about the exact number) wanted no action at all.

Malt whisky, distilled from malted barley, is what gives Scotch its distinctive flavour and is added to the grain spirit, made from maize, to make it smoother and more palatable.

Other countries have tried to produce malts of comparable quality, but it is generally agreed *that in spite of some* creditable attempts by the Japanese, none has yet matched Scotch.

This is the crux of the controversy, for exported bulk malt (as opposed to the bottled product) is used in "admixes" to improve the taste of locally produced whisky.

Bulk malt exports have grown from 4.7 per cent of all Scotch sold overseas in 1971 to 9 per cent last year. In the first half of this year the growth was very fast, with volumes up by 24 per cent, compared with the same *period last year*.

Nearly all of it went to four markets: Argentina, Brazil, Spain and, by far the most important, Japan, which took nearly three-quarters of the total.

Until now the Japanese have used it to make blends for domestic consumption. But the working party noted signs of promotion campaigns in the U.S. and Australia and found that distil*ling capacity and stocks* were being built up in Japan.

Most of the industry believes that the bulk export trade *damages Scotch, since it encourages* the production of special class whiskys which compete with the image of Scotch abroad.

They also *feel* it helps misrepresentation by local manufacturers and increases the possibility of tariff discrimination against the bottle-in-Scotland product.

This view is broadly supported by the unions, which fear the loss of jobs in bottling halls. But opinion varies from a demand for an outright ban by the unofficial shop stewards' combined committee, to the softer line taken by the Scottish TUC, which wants a voluntary quota system.

On the other hand, companies with a large share in the bulk malts trade—*principally those* wholly- or partly-owned by the U.S. company Hiram Walker and the Canadian-owned Seagrams, *but also some independent malt* distillers—maintain that it is a valuable part of Scotch's export contribution—worth £22m last year.

They also say that there will be no direct benefit to bottled Scotch if bulk sales are banned, and that it preserves jobs in remote Highland distilleries, where other employment is scarce.

On the last point, the working party estimated that if bulk exports were discontinued, 40 per cent of all malt distilleries would be affected in one way or another.

The Government, as the working party pointed out, is powerless to intervene even if it wanted to.

International trade obligations mean that any constraint will have to come from the companies themselves—and the possibility *of that looks remote*.

Mature malt whiskies can already be bought easily on the open market, often at below pre*sent production costs. The struc*ture therefore exists for a parallel trade in exported malt.

Guide may allow 14% inflation

THE MONETARY guideline for the 12 months to October may allow inflation of up to 14 per cent, even though it represents a considerable tightening of monetary policy, according to the City stockbrokers Phillips and Drew.

From April to October this year the annualised rate of growth of sterling M3, the wider definition of money stock, was no more then 7.4 per cent.

Consequently, if the actual increase in sterling M3 were taken together with the 8 per cent to 12 per cent guideline announced recently by the Chancellor, the permissible range by which M3 might grow over the 18 months from last April to next October is 7.8 per cent to 10.4 per cent, expressed at an annual rate.

"*This is a measure, when com*pared with the declared 8-12 per cent guideline, of the extent to which *monetary policy* has been tightened."

The new guideline was unlikely to be an effective constraint, however, because velocity of circulation was likely to increase by about 4 per cent in the 12 months from October.

"This is a measure, when compared with the declared 8-12 per cent guideline, of the extent to which monetary policy has been tightened."

The new guideline was unlikely to be an effective constraint, however, because velocity of circulation was likely to increase by about 4 per cent in the 12 months from October.

Assuming that M3 growth was at the *ceiling of* the permissible range, nominal gross domestic product could then grow by 16 per cent. If two points of this went to *finance growth in real* output, there would be room for prices to increase by 14 per cent.

The Government was also adopting a high risk strategy in its fiscal policy. The firm forecast that the public-sector borrowing requirement would be about £9bn in the 1979-80 financial year, and that this would be financed comfortably within the monetary guideline only if there was a sharp slowing in growth of consumer demand.

"The risk is that this slowdown will not be sharp enough." A safer course would be to tighten fiscal policy by permitting no growth in the volume of overall public spending in the next financial year, rather than the present planned volume increase of 2 per cent.

On pay, the firm said that it was increasingly evident that the Government must hold public sector pay settlements to an average of about 8 per cent in earnings terms if the aggregate was to lie within 10-12 per cent.


The new BMW 6 Series range.
The choice isn't necessarily automatic.

Reserves fall in November to $15.6bn

BY MICHAEL BLANDEN

THE RECOVERY of the dollar last month made little impact on the UK official reserves, with the British authorities apparently undertaking only modest smoothing intervention in the foreign exchange markets.

Tresaury figures published yesterday showed that the total official reserves fell by $302m during November to $15.67bn.

The outcome was affected by a number of special transactions, however, and after taking account of these the underlying drop in the reserves was only $182m.

This compares with an underlying indow of $107m during the previous month, when the U.S. dollar was under pressure.

The pattern of movements in the exchange markets changed dramatically in November after the announcement of the U.S. package of measures at the beginning of the month to halt the decline in the dollar.

At the end of October, sterling was comfortably over the $2 level and its trade-weighted index against a basket of currencies had touched 63.3 during market dealings.

The support measures announced by President Carter brought an immediate response in a recovery of the dollar, with the pound falling back in line with other leading currencies.

Lending rate

Later in the month, sterling was affected by a number of influences, with the Government's problems on the wages front having an adverse impact but with the renewed jump in terest rates signalled by the increase in minimum lending rate from 10 to 12½ per cent on November 9 providing some support.

By the end of the month, sterling had settled at an index value of 62.7, with the dollar value down to $1.9443.

The detailed reserve figures show that the main influence on the movement was an early repayment of $150m of borrowing abroad by the British National Oil Corporation.

This was part of a $750m loan taken in July last year. The loan was not included in the official exchange cover scheme and therefore did not have to be put through the reserves.

However, the decision was made at the time to take the impact on the reserves rather than to add to the strong upward pressure on sterling by allowing it to go through the market. As a result, the early repayment has been taken out of the reserves.

Other influences were new borrowing under the exchange cover scheme by the public sector of $50m partly offset by repayments of $20m.

Coal Board to seek more State support

BY JOHN LLOYD

NEGOTIATIONS have been started by the National Coal Board to secure further Government support for burning coal in power stations.

Earlier this year, the Government gave the Board about £18m to lower the cost of the coal it sold to the Central Electricity Generating Board, thus increasing the coal burned in power stations.

The Coal Board sold a record 72m tonnes of coal to the Generating Board this year and is hoping to reach the same level next year.

It is expected to call for at least the same amount of Government support as it received this year, plus extra for inflation.

Sir Derek Ezra, the Coal Board chairman, acknowledged that the Board faced "considerable difficulties" in the short term, because of sluggish markets.

The steel industry's depression had meant that sales of coking coal had dropped below 14m tonnes, and the domestic market had now overtaken the steel market as second in importance to power station sales.

Sir Derek also believes that the Board has not yet exhausted the assistance available to it from European Commission funds, and he would be exploring what was available.

The Coal Board is to reply to a claim by the National Union of Mineworkers for a 40 per cent increase in wages at the end of January. Sir Derek said that it would be "very difficult" to meet even a moderate claim.

Speaking to the Coal Industry Society, Sir Derek said that there was a need for continued confidence in coal and a determination not to be put off by the industry's short-term difficulties. The difficulties were:

- A weakness in demand, especially in the steel industry.
- Increases in the cost of materials bought by the industry of 12 to 13 per cent, 50 per cent above the general rate of inflation.
- Added interest charges and depreciation costs as a result of the modernisation programme before the benefits of it came through.
- A loss of skilled mineworkers, due to the early retirement scheme.

Costs had been rigorously cut, but "even doing all that is within our power to do, we will still require outside help."

He stressed, however, that coal would be essential to the UK's future energy needs. This was underlined by the UK Offshore Oil Operators in their papers presented to the Energy Commission last week showing that the North Sea oil production was expected to peak as early as 1986.

"We do not know what will happen exactly. Investment in coal is our insurance policy for the future. If you have an insurance policy, you have to pay the premium."

Investment was now £500m a year, and must continue at that rate.

Productivity was rising—by 3½ per cent in general, and by 10½ per cent at the coal face. "This is a remarkable achievement, after a long period of decline," said Sir Derek.

Row over Welsh pits threat

BY OUR OWN CORRESPONDENT

A ROW broke out yesterday over possible coal mine closures in South Wales. According to a document in the hands of Plaid Cymru, the Welsh Nationalist Party, the National Coal Board wishes to close 11 of the 37 collieries still working in South Wales.

The document, from the National Union of Mineworkers, gives details of a meeting between senior union officials and five Welsh Labour MPs, aimed at enlisting the politicians' support to fight further pit closures.

Plaid Cymru's disclosures drew a sharp reaction from Mr. Philip Weekes, the Board's South Wales director. He accused the Welsh Nationalists of discourtesy and making statements which were "highly speculative and factually incorrect."

Of the 11 pits, one had closed many years ago because of exhaustion and two others had seen new investment.

"Their statement takes no account of the £90m invested in South Wales in the last four years on expanding output and productivity. Production this year is better than in 1977 and next year's will be better still," he said.

The document suggests that the Board has already expressed a wish to close two big collieries, Abernant and Mardy, each employing over 1,000 men, but that the closures have been blocked by Mr. Anthony Wedgwood Benn, the Energy Secretary, because "this would be adverse as far as the Labour Party is concerned."

The union accused Plaid Cymru of using the document for its own ends but, at the same, welcomed support from any organisation prepared to fight against pit closures.

The latest row coincides with mounting concern over the profitability of the South Wales coalfield. In the last financial year, the area lost £27m, whereas the Coal Board as a whole made a profit of £20m.

At present only one South Wales colliery—Deep Duffryn, near Aberdare — is officially threatened with closure, but a number of others are known to be running heavy losses and rumours of further shutdowns are circulating.

Because of this concern, the Government agreed last month to hold a special tripartite inquiry into the special problems facing the coal industry in South Wales. The first meeting of the inquiry is due to take place on December 14.

Speaking yesterday, Dr. Phil Williams, Plaid Cymru's energy spokesman, said it was nonsense to talk about "unprofitable" pits when average production costs in Britain were £22 a tonne and in Germany £38 a tonne.

"Last year, the French Government gave the coal industry a subsidy of £14.70 a tonne, the German Government gave their miners a subsidy of £11.93 a ton while the British Government were only prepared to back our miners with 21p a ton," he added.

Antique gold fastener sold for £4,200

AN IRISH Bronze Age gold dress fastener, found in a field near Cloyne, County Clare and sold for an ounce of tobacco a century ago, made £4,200 at Sotheby's yesterday. It was bought by the National Museum of Ireland during an antiquities sale which totalled £130,045.

The top price was the £9,500 from a Paris dealer for a South Arabian alabaster funerary stele made around the first century AD. A large Roman marble figure of Aphrodite from the second century AD sold for £8,800.

The auction of glass and paperweights at Sotheby's brought in £30,952 with a highest price of £850 from Spink for a Baccarat "thousand petalled" rose weight, while books totalled £27,197 with a best of £1,900 from Quarritch for a Latin grammar printed in 1514

Investment trusts 'will recover'

BY EAMONN FINGLETON

A DRAMATIC recovery in the stock market rating of investment trust shares was forecast yesterday by the Association of Investment Trust Companies.

Their appeal as investment mediums for charities and pension funds has been powerfully boosted by a big cut in their Capital Gains Tax bills this year, according to Lord Remnant, the association's chairman. Meanwhile, the new Capital Gains Tax rules have reduced the incentive to private investors to sell off their investment trust holdings.

Lord Remnant said: "These two benevolent influences hopefully will result in a more realistic evaluation of investment trust company shares."

Investment trust company shares have been dogged by persistent selling over the years which has been reflected in share prices standing as much as 40 per cent below underlying asset backing. After narrowing significantly within the last year, the discount has now widened to about 30 per cent on average.

The discounts mean that though the net assets managed by the industry total about £7bn the total market capitalisation of the industry is just £5bn.

Lord Remnant's remarks, made at the association's annual meeting in London, were taken last night as suggesting that the discounts could soon be narrowed considerably.

Lord Remnant said that investment trusts faced a Capital Gains Tax rate of only 10 per cent on gains realised within the fund.

"Portfolios where the level of Capital Gains Tax was a major inhibition can now be managed more effectively. The changed system is of particular relevance to charities and pension funds."

sales of investment trust shares will rise from 13 per cent to 20 per cent in April.

This will act as a disincentive to selling—whereas until now investment trust shares were among the first in a portfolio to be sold off because Capital Gains Tax was so much lighter than on gains realised on other shares.

Industry experiencing recovery in profits

FINANCIAL TIMES REPORTER

A RECOVERY in industry's profitability is suggested by the results of the Industrial Performance Analysis report by Inter Company Comparisons.

The analysis covers the performance of about 4,000 companies, grouped into 80 sectors of industry and commerce, and covers a three year trend.

A commentary on the report says that about half of the sector covered had a rate of return in the latest year of more than 16.8 per cent—the average figure calculated by the Department of Trade and Industry.

Sectors which still have a low level of profitability include hosiery and knitwear, carpet manufacture, frozen foods, road haulage and paper manufacture —all with an average return on capital employed of under 10 per cent.

NEWS ANALYSIS ● BL CHANGES

Hoping for quick sales

BY KENNETH GOODING

IT IS possible to deduce from the latest important announcement from the BL camp yesterday that three significant businesses are being lined up for a fairly quick sale.

To many observers this appeared to be the only logical conclusion following this latest re-structuring of the much re-structured former British Leyland.

The transfer of Mr. David Abell from SP Industries to Leyland Vehicles, the bus and truck division, indicates that BL's chairman, Mr. Michael Edwardes, reluctantly has given up trying to recruit a manager from outside — preferably from the truck industry — to take on what is patently one of the main problem areas within BL.

Mr. Abell, a professional manager strong on financial expertise, can be relied upon to put the Leyland Vehicles balance sheets into the best possible shape should a potential purchaser be found. Indeed, the injection of the successful Coventry Climax forklift truck operations, of Alvis and Self-Changing Gears into Leyland Vehicles will help considerably.

There seems to be a widespread view within BL that the only solution to Leyland Vehicles' problems lies in a merger with another major truck supplier, preferably European. The argument is that, however severe the difficulties, a deal could be done if the Government sweetens it suitably.

However, the political ramifications would be enormous given that Leyland Vehicles would need further slimming and possibly other plants apart from Southall — already scheduled for closure in the new year — would have to go. So any sale would probably have to wait until after a General Election next year.

Yesterday's changes also left Aveling Barford, the construction equipment division, and Prestcold, which makes commercial refrigeration equipment, in not-so-glorious isolation. It could hardly be more obvious that they are being laid out in a shop window for potential buyers.

Although both have run into problems because of the depressed conditions in their markets, Aveling Barford is facing the severest test. It is likely to record losses of around £3m this year and there are few signs that the market for its equipment will improve for a long time.

As Massey Ferguson, the North American group, has found over the last year that selling a construction equipment business is not an easy task.

But Aveling Barford has a reasonable lineup of models to offer and its turnover at about £75m this year shows it is not a particularly big mouthful for any internationally - operating group to swallow.

The same might be said of Prestcold, also in an industry where there is worldwide overcapacity and with a turnover this year of just over £70m. And in the first nine months of the year it remained at least marginally profitable.

The difficulties at Leyland Vehicles loom much larger. With a turnover of £450m and employing about 28,000 people at 12 manufacturing centres, BL's truck and bus division is heading for a substantial loss this year after recording a £21m profit before tax last year.

Many would argue that in normal circumstances the division would have been recording losses for years. Capital investment until recently has been at a low level and hence the write-offs associated with investment—and which are set against profits —have also been minimal.

Leyland Vehicle's 30 per cent share of the home market in 1973 has slipped to less than 20 per cent in the face of aggressive foreign competition and the fading attraction of its model range.

Its market penetration in Europe and the Middle East is negligible, its grip in traditional Commonwealth markets like Australia and South Africa is slipping. Only in Black Africa—Nigeria, Kenya and Zaire—does it continue to do well.

Leyland Vehicles is a heavily integrated business, making many of its own components but it no longer has the volume to warrant this base.

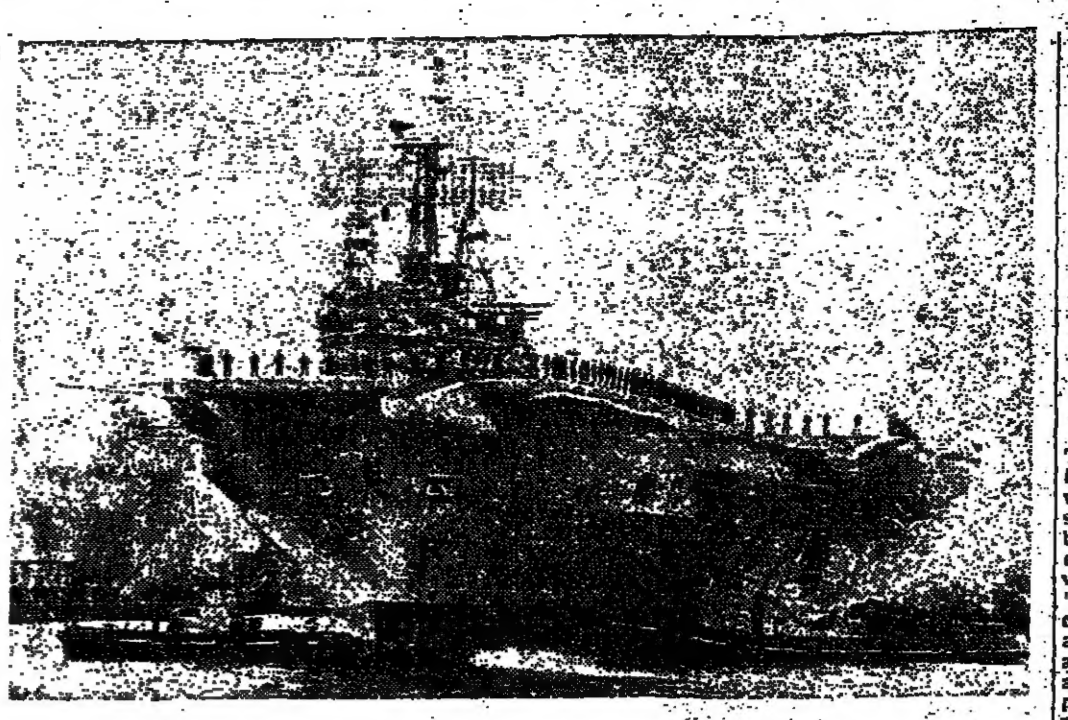

Mr. DAVID ABELL

Also, its competitors are gearing up for expansion and see the UK as the one European market likely to show some progress in the next couple of years.

Both IVECO, the Fiat-controlled consortium, and MAN of West Germany, are said to have looked over Leyland Vehicles and said: "No thanks."

Renault, the State-owned French group, has its own difficulties on the heavy trucks side and could not possibly face the extra problems of sorting out Leyland Vehicles.

But it is likely a suitable partner will be found to supervise a thorough rationalisation of Leyland Vehicles with the full agreement of the National Enterprise Board and the Government.



Ark Royal ends her 23 years' service

THE aircraft-carrier Ark Royal ended her sea-going career with the Navy yesterday when she arrived at Devonport Dockyard—with her future still uncertain.

Although the Ministry of Defence is ready to send her to the breakers' yard, it is still possible for outside interests to bid for the 50,000-ton vessel, provided they can afford to maintain her to the Ministry's satisfaction.

Among offers are one to turn her into a floating maritime museum, and another to convert her into an educational institution.

The Ministry's view is that few, if any, of these interested in preserving the ship could afford the heavy maintenance costs of about £17m a year—the factor which has led the Ministry to withdraw the ship from active service. It has been emphasised that no further defence money will be given to help to maintain the vessel.

Built by Cammell Laird at Birkenhead, Ark Royal was laid down in 1943, launched in 1950 and commissioned into the fleet in 1955. Her total cost at that time was £21.4m. She has had two major refits since then, the last in 1967-70, costing over £32.5m.

She will not be the last ship of her name in the Navy. On Friday, it was announced that the third of the new class of anti-submarine warfare cruisers would be named Ark Royal.

Ark Royal's commander, Captain E. R. Anson, aged 49, is to be promoted rear-admiral in the New Year and will become Flag Officer, Naval Air Command.

Spending in shops down, but still up on first half

BY DAVID FREUD

SPENDING IN shops has dropped from the near-peak levels of the late summer, but is still higher than in the first half of the year.

The final index of the volume of retail sales in October is 109.6 (1971=100, seasonally adjusted), virtually the same as the provisional estimate of 109.5. This is almost identical with the level of the previous month, which was 109.5.

These figures are well down on those for July and August, when the index hovered around 111½. However, retailers were expecting a decline in line with previous experience of the payment of tax rebates leading to a temporary boost followed by a lull.

The trade is confident that a considerable pick-up in sales will show in November's provisional index, due to be published next week.

They expect sales to be helped by the recent tax rebates—worth nearly £10 to an individual earning £75 a week—and by the increase in child benefit allowances.

In the latest three months, the volume of sales was 0.7 per cent higher than in the previous three months. The average level of trade in the first 10 months of 1978 was about 4½ per cent above the annual average for last year.

The biggest increase in sales was by clothing and footwear shops, up 3 per cent in the latest three months compared with the previous three. Sales were 9 per cent higher in October than the same month last year.

The most disappointing area is food sales, which were 0.8 per cent down in the latest three months compared with the previous three.

New credit extended by retailers and finance houses fell for the second month running, by £7m in October to £469m, seasonally adjusted.

Total debt outstanding of both finance houses and retailers was £4.11bn at the end of October, 30 per cent more than at the same time a year before.

HIRE PURCHASE CREDIT AND RETAIL SALES

(Seasonally adjusted)

	New credit extended by: Finance Houses	New credit extended by: Retailers	Total debt outstanding (unadjusted)	Retail volume (revised): Total	Retail volume (revised): Durable goods shops
	£m	£m	£m	(1971=100)	
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.9	122
3rd	392	521	2,516	107.3	125
4th	421	547	2,716	105.9	124
1977 1st	457	550	2,792	103.3	116
2nd	486	561	2,930	102.5	118
3rd	544	605	3,108	104.3	121
4th	585	604	3,341	104.4	121
1978 1st	626	634	3,507	106.3	125
2nd	716	617	3,797	108.0	129
3rd	701	726	4,030	110.8	135
March	212	201	3,507	107.0	117
April	231	232	3,594	106.7	132
May	243	228	3,689	108.4	126
June	242	217	3,797	108.7	130
July	213	245	3,831	111.4	138
August	252	241	3,953	111.8	134
September	236	240	4,030	109.5	133
October	242	227	4,109	109.6	131

Source: Department of Trade

BP raises vinyl acetate price 8½%

By Sue Cameron, Chemicals Correspondent

BP CHEMICALS is to put up the price of its vinyl acetate monomer by £25 a tonne, a rise of 8.5 per cent—from the beginning of the New Year. Rhône-Poulenc, the French chemicals major, is understood also to be increasing its vinyl acetate prices by about the same amount.

The main reason for the price increase is the rise in ethylene costs. Ethylene is a basic chemical feedstock which is used in the making of vinyl acetate.

BP Chemicals said yesterday that increases in other production costs, including higher wage bills, had contributed to the decision.

Vinyl acetate prices, which fell sharply last year, have already gone up by some 20 per cent this year, and further increases can be expected later in the New Year.

This is because the projected January price rise will still not enable companies such as BP Chemicals to break even on their production of the chemical.

One problem facing European producers has been the influx of low-price vinyl acetate from the U.S. In August a formal anti-dumping case was submitted by the European Council of Chemical Manufacturers' Federations to the European Commission.

The European producers claimed that U.S. chemical concerns were dumping vinyl acetate in Europe at prices as much as 25 per cent lower than the domestic price. Brussels has asked U.S. vinyl acetate producers to submit answers to a number of questions on the dumping accusation, and it is believed most of them replied.

The European Commission is not expected to make a decision on the case for several months.

Vinyl acetate imports to Europe from the U.S. have slowed in the past few months, partly for technical reasons.

BP Chemicals said that the alleged dumping by America had not been a factor in its decision to raise vinyl acetate prices in January.

Vinyl acetate is used in the making of emulsion paints, adhesives, textiles and plastics. Included in this last category are gramophone records.

Pit record again

For the fourth time in seven weeks, the 1,730 miners at Shirebrook Colliery, near Chesterfield, have broken their weekly output record by producing 29,500 tonnes the National Coal Board said yesterday.

Machine-tool industry orders likely to rise

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

ORDERS FOR the machine-tool industry are expected to increase over the next 18 months. Most of the impetus will come from the home market where the consumer-led upturn in the economy is now being reflected in increased confidence by manufacturing industry and stronger capital spending.

This forecast, carried out by the Henley Centre for the Machine Tool Trades Association, indicates that the highly cyclical nature of the machine-tools industry is being replaced by a flatter trend.

The highest annual increase in the current upturn is expected to be this year, when orders are forecast to be over 10 per cent higher than at the end of last year.

The recovery is expected to continue into the early part of next year although the rate at which orders will increase is forecast to slow.

Home orders for machine tools this year are expected to reach £280m against £224m last year (current prices). But export orders for the full year look like declining by £10m to total £142m.

This drop is largely as a result of the dull market in Western Europe and the absence of any very large projects overseas—such as the Massey-Ferguson/Perkins plant in Poland—which have boosted export orders in the past.

The full year export order figures, however, mask the fact that there has been a strong recovery in the third quarter of the year. The strong expansion in machine-tool demand in the U.S. is expected to produce an increase in orders for the UK, although the Henley Centre is forecasting only a very modest upturn in export orders generally for next year.

The latest figures from Customs and Excise for exports of machine tools during the first nine months of this year total £162m, against imports of £141m.

Management contest has 1,000 entries

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A RECORD ENTRY, of exactly 1,000 teams has been registered for next year's United Kingdom management championship.

Beginning in January and ending in July, the contest will be the tenth in the annual series organised by the Financial Times in conjunction with ICL and the Institute of Chartered Accountants in England and Wales.

Since the first of the computer-based competitions, the three sponsors have been joined as associates by the Confederation of British Industry and the Institute of Directors, and similar championships have been established in several other countries.

The winner out of the 1,000 entrants of the UK title will be invited to represent the country in the European championship in Paris next autumn.

The winner will receive £2,000, with the next three teams' receiving prizes of £750, £500, and £250, respectively.

Barclays loan charges up

BY MICHAEL BLANDEN

BARCLAYS BANK is raising the cost of its personal loans to customers as a result of the general increase in the level of interest rates.

The bank said that its interest rate on new Barclay loans would go up from yesterday. The new interest rate, calculated on a true basis, is 17.8 per cent compared with the previous rate of 16.65 per cent.

Equality in new insurance contract

BY ERIC SHORT

THE FIRST permanent health insurance contract in the UK in which men and women pay the same premium for the same benefit, thereby overthrowing established actuarial practice, was begun yesterday.

A permanent health insurance contract pays a weekly benefit after an illness or serious accident. Benefit payments start after the lapse of a specific period from the onset of the illness or the accident, and continue as long as the individual is disabled until he reaches a specific age such as 60 or 65.

The actuarial profession, whose responsibility it is to determine the premium rates, has maintained that women are more prone to such permanent illness than men, and accordingly charges higher premiums.

Now Langham Life Assurance claims that such a difference has not been proved on the statistics available, and that its records indicate that men and women suffer similar sickness and accident experience.

The Sex Discrimination Act 1975 allows life companies to charge different premium rates for men from women where this is based on statistical evidence.

Firm evidence

Thus, because women have lower mortality rates than men they pay more for annuity contracts but less for life policies.

But the mortality tables are based on very firm evidence collected from almost all life companies, for both men and women.

The statistics published for permanent health are based on very scanty data, at least for women.

The Equal Opportunities Commission has criticised the life companies for differentiating between men and women in premium rates for permanent health insurance, and made reference to this in its second annual report, for 1977.

The reply of the Life Offices Association was that member-companies were free to fix their own rates.

Mr. Derek Bonds, actuary of the Permanent Insurance Company, the largest life company in the field of these contracts for individuals, stated that his company's experience over many years was that women were more prone to disability than men.

Mrs. Dorothy Geon, a senior executive with Langham Life, has long been campaigning for special life and insurance contracts for women. She has always felt that women have been unfairly treated in this field.

This new policy for the first time included disability arising from pregnancy, childbirth, abortion or miscarriage, and has special benefits to protect women who cease paid employment to care for their home.

Jobs risk denied by Varley

By Arthur Smith, Midlands Correspondent

A VIGOROUS defence of the micro-electronics industry was made by Mr. Eric Varley, Industry Secretary, yesterday against critics who suggest that its development could lead to a widespread loss of jobs.

Application of micro-electronics technology was an important way to ensure that British products were internationally competitive, he said. "Indeed, I believe far more jobs are at risk through loss of market share than through micro-electronics technology, which can generate as many new jobs as it displaces."

Mr. Varley was at the National Exhibition Centre, Birmingham, to open the Design Engineering Show and Conference which takes the impact of micro-electronics on industry as its theme.

The Prime Minister is expected to announce details tomorrow of more than £50m in State aid which is being given to speed the use of micro-electronics by industry.

Mr. Callaghan, who is taking the chair at a session of the National Economic Development Council, will take the opportunity to launch a campaign to involve Government departments, management and trade unions in the new technology.

Power station generators

IT WAS wrongly stated in yesterday's Financial Times that the C. A. Parsons division of Northern Engineering industries had supplied all the turbine generators for the five advanced gas-cooled reactor (AGR) nuclear power stations presently operating or under construction for the Central Electricity Generating Board.

The correct position is that the General Electric company supplied the turbines for Heysham, Hartlepool and Hinckley "B" stations, while C. A. Parsons supplied the turbines for Dungeness "B" and Hunterston "B" stations, the latter being in the South of Scotland Electricity Board's system.

PARLIAMENT AND POLITICS

Tories attack Benn over North Sea oil investment

BY IVOR OWEN

CLAIMS BY Mr. Anthony *Wedgwood Benn*, *Energy Secretary*, that investment in the North Sea is not being deterred by the Government's "strong and determined" oil policy were *hotly disputed by Tory MPs in* the Commons yesterday.

Mr. Tom King, Conservative Shadow Energy Minister, clashed with Mr. Benn over the conclusions to be drawn from the response to the recent sixth round of UK offshore licensing.

There was strong support for the Minister from the Labour backbenches and from Mr. Gordon Wilson, Deputy Leader of *the Scottish National Party*, who urged him to disregard the "gloom and doom" propaganda campaign conducted by the oil companies, and to resist demands *that the proposed increase in the* Petroleum Revenue Tax should not be implemented.

Mr. Benn, who accused Mr. King of echoing the views of the oil companies, highlighted what he described as the "proof in *the pudding*"—*there had been a* 100 per cent application for the blocks put on offer in the sixth round with 55 companies participating, compared with 53 in the *previous round*.

He maintained that the oil *companies expected the Government* to defend Britain's interests and to extend and increase its control over the *oil resources*.

Mr. Benn appealed to the Opposition to recognise this fact and to desist from amplifying and echoing every *little publicity* campaign undertaken by the oil companies.

"We have had a highly successful sixth round of applications, and we have done it on the basis of a much stronger policy than we had a few months ago, and indescribably stronger than the weak-as-water policy we inherited from the Opposition."

Mr. King contended that the test of an effective oil policy was whether it fully safeguarded the nation's interest while obtaining for the nation the maximum skill and expertise available in the oil world.

Mr. Anthony Wedgwood-Benn

Against this yardstick, he asserted, the sixth round had been far from the success *claimed by Mr Benn*

He also pointed to the drop *in the exploration rate as further* evidence of lack of confidence in the Government's policy.

Mr. Benn retorted that the sixth round had been the most successful in terms of coverage of the applications for blocks, *and in terms of the number of* companies which submitted applications.

As for the question of the confidence felt by the oil companies, it was an undoubted fact that the North Sea offered them the most *stable, area politically in the* world.

The Minister maintained that Mr. King was wrong about the sixth round in just the same way *as his earlier forecasts about the* effect of Government policy had been proved wrong.

Mr. Patrick McNair-Wilson (Con., New Forest) asked if the small companies competing in sixth round would have the necessary strength to carry through the exploration required.

Mr. Benn replied: "The fact that there is interest by the smaller companies and by the bigger companies does indicate that a strong and determined *policy such as that operated by* the present Government is not a deterrent to investment in the North Sea.

"I think it most unwise to *suggest that it will be.*"

Questioned about EEC energy policy, Mr. Benn again ruled out precipitate depletion of Britain's North Sea resources in order to reduce oil imports into the Community.

He reaffirmed, too, his determination to prevent control of Britain's energy policy being removed from Westminster to Brussels.

There were cries of "Oh"

Mr. Tom King

from the Opposition benches *when Mr. Dennis Skinner* (Lab. Bolsover) said it was suggested that Ministers who took a strong anti-Market line on the Continent were sometimes outflanked by the *Prime Minister in* top-level negotiations.

"Watch out for any sinister development in that direction as far as your Department is concerned," he urged.

Mr. Benn: "I cannot comment on that proposition."

Pledge on British coal sales

BY IVOR OWEN

FURTHER ASSURANCES that the Government will continue to press other EEC countries to buy British coal were given *by* Mr. Anthony Wedgwood Benn, *Energy Secretary, in the Commons.*

He stressed that there was a growing body of opinion all over the world that coal was going to be one of the key bases for industrial development as oil and gas supplies ran out.

Mr. Benn strongly denied that "tactics" at meetings of the EEC Council of Energy Ministers had damaged *the prospects for securing* increased British coal exports.

Tactics were not involved, he argued, in seeking to persuade EEC countries taking cheap coal imports from Poland to buy coal *from a Community partner* in the interests of Community energy policy.

Mr. Ioan Evans (Lab., Aberdare) emphasised that the NCB was now producing the cheapest coal in the EEC, and that the British coalmine industry was being subsidised to a lesser extent than that of any other EEC country.

New moves to boost Left-wing influence

By Philip Rawstorne

MR. ANTHONY Wedgwood Benn yesterday led new moves to reinforce Left-wing influence over Government policy.

While Mr. James Callaghan was attending the Brussels summit, the Energy Secretary successfully launched an attempt to free individual Cabinet Ministers from the restraints of *collective responsibility* for Government decisions.

The move, which will be strongly resisted by the Prime Minister, would allow dissenting *Ministers to criticise Cabinet* decisions publicly and to carry on their opposition to them within the party's national executive.

At *Mr. Benn's suggestion, the* party's organisation committee decided to set up a Left-wing dominated sub-committee to examine the role of Ministers who are also members of the national executive

The *organisation committee* agreed, too, that Mr. Benn should lead a deputation to the Prime Minister to discuss the issue.

The committee's decisions are subject to *ratification* by the *full* national executive later this month.

Hostility

The issue arose yesterday out of a letter from Mr. Eric Heffer, a member of the committee, *which referred to the "clash"* between Mr. Benn and Mr. Callaghan at a joint meeting in October of the Cabinet and the national executive.

Mr. Benn, who used that meeting to voice his own hostility to British membership of the European Monetary System, was sharply reminded by the Prime Minister that he would be expected to conform to whatever decision was finally taken by the Cabinet.

If not, Mr. Benn would have to face the consequences, Mr. Callaghan warned.

Mr. Benn retorted: "That is a matter entirely for you, Prime Minister. It is nothing to do with me."

The organisation committee yesterday also put further pressure on moderate members *of the national executive* by recommending that all votes at future meetings should be recorded, and that the minutes of the meetings should be made available to "units of the party."

The decision—by 7 votes to 6—will provide greater opportunities for party activists to focus attacks on individual members of the national executive who oppose left-wing policies.

Du Cann calls for tighter curb on spending by State Boards

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE COMMONS Public Accounts *Committee will persist in its* campaign to make the "vast sums" at the disposal of the National Enterprise Board and the British National Oil Corporation subject to close Parliamentary supervision and control, *Mr. Edward du Cann, chairman* of the committee, said yesterday.

Opening the Commons debate on the reports of the committee last session, Mr. du Cann demanded that it should have a wider remit to examine Government *expenditure*.

"The best method by which the executive can be controlled is through the control of its public expenditure," he told MPs. "But we are falling behind many other democratic countries"

According to Mr. du Cann, the method of examination adopted by many other Commonwealth countries was now far in advance of *our own*.

"Their liveliness and discussion of these matters makes us seem fuddy-duddy and out of date," he declared.

It was high time the Commons should examine again the narrow *remit* of the public accounts committee. The 1866 Act which established the system should be revised and improved without delay.

"It is now very much out of *date*," he *complained*. "The man in the street knows that we are not doing the job we are entrusted to do. I believe that is a disgrace"

Mr. Du Cann pointed out that the National Enterprise Board *now had authority from Parliament* to spend up to a maximum of £1bn. The expenditure of the British National Oil Corporation was authorised up to a *ceiling of £600m. and huge sums* from the National Oil Account were available to them.

Mr. Du Cann thought it deplorable that there was no adequate method of controlling this expenditure.

"*Parliament in its wisdom* has created these two quasi-*entrepreneurial enterprises, and* the amount of money they have to spend is beyond the ordinary imagination."

He recalled that Sir Leslie *Murphy, chairman of the NEB*, had argued that it would involve a breach of commercial confidentiality if such information were provided.

The Board's operation would be inhibited by making its books available to the Comptroller and Auditor-General

But Mr. Du Cann thought this was not borne out by the evidence. The Scottish Development Agency had opened its books *and did not feel that it* had been inhibited in any way

A proper system of accountability could only be established if the Comptroller and Auditor-General was given access to the books and records of these *bodies, he insisted.*

If the Government's response to this proposal was negative, then the committee would not let the matter rest.

"We shall return to it again and again until we have our way," he emphasised.

Mr Du Cann suggested that TV viewers should have the right to see MPs at work considering how *their money was spent*

"I would hope perhaps that we might consider the introduction of television on an experimental basis into the Public Accounts *Committee*," he went on.

"At the very least, members of the public could see their MPs engaged in a real, very serious examination of the nation's affairs."

From the Labour backbenches, *Mr. Hugh Jenkins (Putney)* suggested that the Committee might be spreading itself too thinly over the whole range of public expenditure accounts. They could be dipping into many areas without adequately following through particular investigations.

He felt that the time had come to have a separate select committee for each Government Department able to examine what, in detail, was happening in their particular field.

Mr. Du Cann's argument about *lack of investigation of the Public* Enterprise Board's accounts was backed up by Mr. Michael Grylls (Con., Surrey, N.W.).

He thought it strange that the Government *had twice refused* requests from the Public Accounts Committee that the Comptroller and Auditor-General should be allowed to investigate the NEB on behalf of the Committee.

It was a scandal and "almost a contempt of Parliament," he alleged.

It was the duty of MPs to get at the facts of what went on, particularly where taxpayers' money was involved. In this area, *there could be no immunity from* Parliamentary control.

The Energy Department have launched an investigation into the reasons for a reduction in the number of exploration wells in the North Sea this year, Dr. *Dickson Mabon*, Energy Minister of State, told the Commons

Accountancy Bill is reintroduced

By Elinor Goodman

NEW PROPOSALS for controlling the accountancy profession, and so giving statutory back-up powers to the *profession's own* ideas for regulating itself, were brought forward by a Conservative backbencher yesterday.

Mr. Terence Higgins, an economist and the MP for Worthing, re-introduced a Bill which would mean that accountants would have to declare any financial interest they might have in companies they were auditing.

Mr. Higgins sponsored a similar Bill in the last session *of Parliament, but it failed to* get on the Statute Book for lack of time.

Though Mr. Higgins was not successful in the ballot for *private members' Bills*, he believes that his proposals are sufficiently uncontroversial to stand a good chance of getting through the House this time, *provided* there is not an early election.

EVIDENCE TO WILSON COMMITTEE

TUC urges new joint lending facility

BY JOHN MOORE

A NEW lending facility, jointly funded by the public and private sectors and controlled by a tripartite steering committee, is put to the Wilson Committee for further consideration by the Trades Union Congress in its latest submission of evidence.

This is *just one of the major* themes taken up in the TUC's latest evidence, which returns to many of the controversial proposals first submitted to the *Wilson Committee* nearly 18 months ago

The new lending facility jointly funded by the insurance companies and pension funds and the Government would be under the control of a proposed steering committee in finance for investment which *would be* able to replace existing institutional shareholdings with its own money.

In this way, an institution could safely withdraw from a particular company if this was considered necessary because of its particular needs (as distinct from because of anxiety about *the company's prospects*) *to protect* the interests of its depositors without threatening the interests of the company.

The steering committee would *then have* to assess the long-run viability of the company concerned "and decide whether it could be restructured to meet industrial strategy criteria."

Resources

The TUC says that there are two basic choices for the institu*tions in their involvement in the* management of companies. They can become more involved individually in management *details*. *Large institutions, such as the* Prudential, are beginning to do this.

But given that each institution has shares in a large number of companies, it is doubtful whether they would be able to be involved in any systematic way. "Many institutions have neither the resources nor the expertise."

The TUC urges collective institutional action, but collective action which needs to be integrated with wider policy considerations.

Since it first suggested to the Wilson Committee that there needed to be a closer link between the financial institutions *and industry, the TUC says that* two small developments have indicated that there is in fact a perceptible movement towards closer links with the City and industry

Firstly the Bank of England has issued a guide, Money for Business, which sets out various sources of finance, which, argues *the TUC, suggests that a* communications gap exists.

Secondly, the Koppel report on the clothing industry has suggested that there needs to be *a link between Equity Capital for* Industry and the Clothing Industry Productivity Resources Agency (CIPRA).

The Koppel report has recommended that CIPRA should be able to offer necessary financial advice to the companies which approach it.

"A specific link between an *institution closely connected with* the industrial strategy and a financial institution corresponds very much to the TUC's thinking," *says the evidence.*

The TUC also urges financial targets for the financial institutions "just as the industrial strategy has involved the setting of targets for *manufacturing* industry's share of world markets following tripartite discussion between government, trades unions, and company management."

The targets would be established through discussion between the various representative interests, so that finance can be provided to help companies meet the market share targets

The TUC discusses at some length the role of the Bank of England. It questions whether *the Bank's own description of its* role as a "confidant, arbiter and guardian of the City's standards," is consistent with the Bank's role to act on behalf of *the Government in monetary* affairs.

Increased

But the TUC *does not* favour any move to integrate the Bank into the government machine, so that the Bank would in effect become another government *department.*

It does however call for more public accountability, and recommends that the "court of directors" should be reconstituted and should represent a wider range of interests than at present

The TUC calls for more trade union representation on a Bank *of England Policy board. Some of* the increased union representation should be drawn from the financial sector including the Bank of England itself.

The Government is urged to take steps to create a public banking service which is able to compete with the big four clearing banks, and the TUC endorses a move to merge the National Giro Bank and the National Savings Bank.

The TUC is pleased with the way the National Enterprise Board and the Midland Bank has created a joint venture—Newtown Securities—which provides sources of finance to companies which have exhausted existing sources of borrowing.

But it says that if the NEB is to make further progress along these lines, its own borrowing limits of £1bn—established over three years ago—will have to be increased.

On the international front, the TUC claims that there is a case for selected outward investment perhaps to build up a presence in overseas markets protected by high tariff and non-tariff barriers, or to extend distribution networks.

But it warns that the balances of "both the stock and flow of outward and inward investment are not in our favour."

Restrictions

In the light of this, the issue is whether there is a case to be made for relaxing the present restrictions.

A Foreign Investment Review Agency is needed to consider *these problems*

The TUC also argues that the Council for the Securities Industry, formed in March of this year, should have its powers extended to cover the foreign *exchange markets and the commodity* markets, and consideration should also be given to the *new body's relationship to the* arrangements for banking supervision

It feels that a greater reliance *should be placed on statutory* regulation of the securities industry, more than that which is envisaged by the Council.

Necessary

It further suggests that an advisory committee to the Bank of England on bank *licensing* should be created, and a more representative Deposit Protection Board should be established

The TUC is also concerned that the *rapidly growing* building societies should become more publicly accountable in terms of both their lending policies and of their structure and organisation.

It recommends that a clearing house system is needed for the societies which would enable account holders to deposit and withdraw funds, up to a certain amount at any building society branch of any participating building society.

This would remove the need for the proliferation of building society branches.

But the TUC rejects the idea that public ownership of building societies may be necessary, although *the societies must be* more accountable for their policies.

LABOUR NEWS

Texaco tanker drivers agree strike date

BY NICK GARNETT, LABOUR STAFF

SHOP STEWARDS representing 1,200 tanker drivers and depot workers at Texaco agreed yester*day to recommend* a strike from January 3 unless the company makes an acceptable pay offer. This is in line with decisions taken by Shell and Esso *stewards.*

A national meeting of Texaco *stewards also decided* to impose an overtime ban from tomorrow over the same dispute. The company later agreed to meet union negotiators around mid-Decem*ber following the rejection of* its two previous offers.

Of the other big five oil and petroleum producers, stewards at British Petroleum put off a decision on industrial action after the company indicated that it was willing to renegotiate its *pay proposals*

Senior stewards at Mobil have been recommended to accept their offer, which is thought to be worth about 11 per cent, includ*ing 6 per cent for improved* productivity, although much of this would be consolidated into basic rates.

In return for that offer, the *Transport and General Workers'* Union, which represents the drivers, is being asked to accept increased road speeds, a saving of 10 minutes a day on loading and unloading and a new system of aircraft fuelling at Gatwick.

Mobil is distinct from the other four companies as it already operates a productivity deal for drivers.

Union negotiators believe the other oil companies will now have to make similar overall cash offers. These are almost certain to be linked to improved performance, although Transport Workers officials have said they will not discuss productivity schemes unless basic offers are improved.

The drivers have submitted claims which the union says are worth 30-40 per cent, but the *companies value* them at more than 50 per cent.

They include an increase in basic rates from £75 to £90 and a rise in the rate at which over*time and shift payments* are made to £90 from £59.

The companies have offered rises in line with the Government's 5 per cent limit, with *further payments accruing from* productivity.

Pilkington warned on shorter week

BY OUR LABOUR STAFF

THE General and Municipal Workers' Union warned yesterday that Pilkington, the glass manufacturing company, faces "confrontation" unless it moves *toward bringing in a shorter* working week for its 7,000 workers.

Mr. David Warburton, national industrial officer of the GMWU, said *the union wanted the company* to respond positively on a *reduction in hours*, and said that 5 per cent was "not on" as an offer when pay rises were due next year.

The warnings from the union were issued in *a bulletin to shop* stewards in the company, representing workers at plants at St. Helens, Pontyfelin, Doncaster, North Wales and Scotland.

The union bases its claim for a shorter working week on countering the effect of loss of jobs and co-operation in adapting to the company's introducing new technology to meet increased competition.

Mr. Warburton *said the company* had a choice: "Either joint efforts towards less hours and a shorter working life, plus expansion, or resolute opposition to arbitrary decision-making by the board.

"We can either have practical progress which balances com*pany aims to be* a leader in the industry with logical personnel policies, or we can have confrontation. Pilkingtons have to make the choice."

Canal supervisors stop work on control system

BY PHILIP BASSETT, LABOUR STAFF

CANAL SUPERVISORS throughout the country began industrial action yesterday over pay which could close the inland waterways system to freight traffic and cut off water supplies to some small industrial sites.

The 600 supervisors, members of the National and Local Government Officers' Association, are acting in support of a demand that they be made a special case under the Govern*ment's 5 per cent pay limit.*

The British Waterways Board *said that it would start to lower* water levels on the canals at key points throughout the country "in the interest of public safety and to avoid undue damage to the fabric of the waterways."

The sanctions are being taken at a time when the board is becoming increasingly concerned *about a backlog of maintenance* and improvement work to the canal system. The union is banning supervision of the water control system which helps to prevent *flooding.*

NALGO has asked the Government to approve a pay rise beyond the 5 per cent limit to correct anomalies which have arisen since introduction of the *present system of pay restraint* in 1975.

The supervisors claim they are in the same position as plumbers, heating and ventilating engineers *and* BBC staff, who have all asked to be considered as special cases because traditional pay links with other groups were affected by the cut-off date for pay settlements in 1975.

The union claims that the anomalies leave the supervisors seriously out of line with British Waterways manual workers, some of whom earn more than the supervisors, and with comparable workers in the water *services industry.*

The Advisory Conciliation and Arbitration Service recommended, at the end of a week of industrial action in the waterways in 1974, that pay for canal workers should move toward parity *with the water service* industry.

Duty-free allowance move opposed

By Our Labour Staff

UNION OFFICIALS representing 90 Customs officers at Heathrow Airport who are "*working to standard*," in support of a demand for more staff said yesterday that the management could be acting illegally by increasing the duty-free allowance *for arriving* passengers.

The Customs officers, members of the Society of Civil and Public Servants, are rigidly enforcing the declaration of goods beyond normal allow*ances as part of* their claim for 10 extra staff. The union claims that passenger flow in Terminal Three of the airport has increased by 20 per cent this year with no extra staff.

The officers' action has led to delays *of more* than two hours for some passengers using the "Goods to Declare" red channel in the terminal.

Miss Judy McKnight, union *group secretary*, said that the action on allowances by the Customs' management might well be illegal. "The union is taking legal advice about the possibility of taking out an injunction to stop the increases *in allowances.*"

She said the allowances were applying only to Terminal Three and would allow passengers *arriving there* to bring *in more duty-free goods* than those arriving at other parts of the airport or country.

A Customs and Excise official said duty free allowances had not been charged, but Customs commissioners, who adminis*tered the allowances had* authorised the application of certain allowances to prevent congestion in the terminal.

Talks between the customs officials and their management broke down last week when *the union rejected an offer of* five extra staff because it was tied to changes of working practices, including reduction in holiday choice by changes in rosters.

Rail talks to break deadlock on productivity

By Our Labour Staff

THE THREE rail unions and senior British Rail management meet Sir Peter Parker, chair*man of British Rail, today on the* deadlock surrounding a proposed productivity deal for rail workers.

The meeting was sought by Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, following British Rail's refusal to implement a tribunal decision on productivity.

The decision was based on *British Rail's business performance* scheme proposals, but included elements which management was unhappy with.

Speaker rejects appeal for Press strike debate

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN APPLICATION for an emergency debate in the Commons on *the provincial newspaper dispute* was refused by Mr. George Thomas, the Speaker, yesterday.

Mr. Roy Hughes (Lab., Newport) sought to get a debate on *the issue.*

He said that the Father of the Chapel (NUJ office branch) of a newspaper in his constituency had written to him, pointing out that it was odd that MPs should hold an emergency debate on the suspension of The Times when the whole of the provincial Press *was in turmoil.*

According to Mr. Hughes, The Times catered for only 1 per cent of the population, while the provincial Press catered for many *millions of readers. Indeed,* some households only took a provincial paper.

He wanted the whole issue to be spotlighted with a view to bringing the dispute to a settlement.

Music men in merger

BY OUR LABOUR STAFF

THE MEMBERSHIP of the National Union of Musical Instrument Makers has voted in favour of a transfer of engagements to the Furniture, Timber *and Allied Trades Union.*

Two-thirds of the instrument *makers' union voted in the ballot* with 96 per cent supporting the merger.

The furniture union said yesterday that it was creating a national musical instrument makers' group within its structure.

Mr. A. G. Wright, general secretary of the instrument makers, will become a full-time *official of the merged union with* principal responsibility for negotiating terms and conditions in the organ-making industry and servicing the industry's shops.

Procedures for the *merger* have been conducted with the approval of the Certification Officer.

Teachers 'hit by overwork'

SHORTAGE OF staff is leading to more teachers taking sick leave, some with depression or similar complaints, a report to Nottinghamshire County Council *has revealed.*

The National Union of Teachers said yesterday that the problem could be solved by employing more teachers and having smaller classes. But the council report says the wages bill for Nottinghamshire teachers is already £½m over budget.

Glass fibre linked with cancer

BY LISA WOOD

ANIMAL experiments have linked man-made mineral fibres, such as glass fibre, with a cancer *similar to that produced by long-term* exposure to asbestos

But the Health and Safety *Executive*, which is to publish a report next year on research into the industry, said yesterday that there was no evidence at present to suggest that workers *were at risk.*

Reports earlier this week said that the executive was sitting on evidence produced over a year and a half ago that man-made *mineral fibres could* produce the same fatal results as asbestos and that the executive had not warned employers and the public

The executive said that a work*ing party had been set up* to consider health risks in the man-made mineral fibres industries *and recommendations would be* made early next year.

Tumours produced in rats exposed to man-made mineral fibres had been developed in *very specific conditions*. These involved the surgical implantation of specially prepared fine fibres into the rats, pleural cavities. The experimental conditions produced *some tumours* resembling those generated in rats by asbestos.

However, no association had been demonstrated between exposure to man-made mineral fibres and the incidence of cancer in man nor had such tumours been found in animals subjected to inhalation experiments.

Earlier this year Mr. John Grant, Parliamentary Secretary to the Department of Health, *said, in answer to a Parliamentary* question, that it was known that irritations to the skin, eyes and upper respiratory tract could result through contact with, or exposure to, these materials, but the effects were transient and avoidable.

"No association has been demonstrated between exposure to man-made mineral fibres and the incidence of cancer in man," he said.

Dr. Peter Elmes, director of the Medical Research Council's pneumoconiosis unit at Cardiff, said that research had indicated that "under certain circum*stances the fibres could be as* dangerous as asbestos" but that it was "not known as yet whether they were dangerous under existing working circum*stances*."

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British Airways seeks fare rises and offers cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS wants a £2 rise to £37 in the shuttle single fare between London and Glasgow and Edinburgh, together with rises averaging 7½ per cent on many other domestic air routes.

If given these increase, the airline promises to freeze fares for 12 months from April 1, and to indtroduce a number of cuts on other routes through greater use of the Advanced Purchase Excursion system and other promotional rates.

The airline said that it had submitted its proposals to the Civil Aviation Authority, guaranteeing the freeze from April 1, provided there are no big changes in operating costs.

Mr. Gerry Draper, its director of commercial operations, said that the airline regretted having to ask for some fares rises, but had tried to keep them to a minimum. "Unfortunately, we are still affected by inflation like every other business, and the rises are simply to offset increasing costs.

"The fares cuts follow our policy of reducing fares wherever and whenever feasible and spreading the benefits across as much of the market as possible."

The main cuts will include the introduction of Apex fares on routes between London and Leeds, Newcastle, Aberdeen and Inverness: between Birmingham and Manchester and Edinburgh, Glasgow and Aberdeen, and between the Channel Islands and the mainland.

Giving examples of these cuts, the airline said that the Apex fare between London and Aberdeen would be £47, a reduction of 41 per cent, against the ordinary fare of £80; to Newcastle it would be £33, a cut of 40 per cent again £60; and to Birmingham £27, a cut of 27 per cent on the normal £38 return fare.

European aid plea for Channel Tunnel

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

A CHANNEL Tunnel should be financed by a combination of loans from the European Investment Bank and share subscriptions by private individuals, a leading European politician said yesterday.

Dr. Cornelius Berkhouwer, vice president of the European Parliament and a senior member of the Dutch Liberal Party, said in London, the tunnel was vital on psychological, strategic and economic grounds.

Dr. Berkhouwer said the £600m plan now being studied by British Rail and the French railways for a rail-only link was right both in terms of lower cost and in avoiding environmental damage to Kent.

Individuals in most EEC countries would be prepared to take a stake in a Channel Tunnel company, which would eventually be economically viable and which would also be a concrete symbol of European unity.

For Britain, the tunnel would stimulate employment and increase navigational safety in the crowded Straits of Dover.

MPs to start inquiry into London dockland

BY PAUL TAYLOR

SLOW PROGRESS towards redeveloping London's derelict dockland will be given new impetus this week when a Commons committee begins an inquiry into the subject.

The environment sub-committee of the Commons Expenditure Committee has decided to take a fresh look at progress made towards re-vitalising the docklands of East London.

Tomorrow Mr. Peter Shore, Environment Secretary, will be the first person to give evidence to the MPs. He is expected to be questioned on the extent to which the Government has acted upon recommendations contained in a previous committee investigation, published in the 1974/75 Fifth Report of the Expenditure Committee.

That report included recommendations on, among other matters, provision of transport infrastructure, consultation machinery and finance for new investment.

Since that inquiry, both the Inner Urban Areas Act and provisions for partnership areas have come into force. However, it is clear from the latest report from the Docklands Joint Committee, for example, that little has been achieved in real terms.

The committee's terms of reference are narrow but include inquiring into progress of redevelopment, administrative changes and the impact of current inner urban policy and partnership agreements on financial and administrative arrangements.

The committee's hearings are expected to last until March and will probably include evidence from the London boroughs, the Docklands Joint Committee and possibly the Port of London Authority.

Particular interest is expected to be paid to the Authority's plans for the port, and the Greater London Council's plans for extending the Jubilee Tube line into dockland.

GEC share in Drax B

BY JOHN LLOYD

THE GENERAL ELECTRIC Company formally announced yesterday its share of the Drax B contract, provision of three 35 megawatt gas turbines at a cost of £11m.

The turbines will be used for peak load generation, and to act as an emergency standby supply for the electrical auxiliaries of the main steam plant in the power station.

The order is the second placed by the Central Electricity Generating Board with GEC Gas Turbines for the Drax station. In 1971 the company supplied three EO-2 gas turbines to Drax A.

APPOINTMENTS

Unilever marketing man goes to NEDO

Mr. Ken J. A. Fraser, who is at present head of the marketing division at UNILEVER, is being seconded to the NATIONAL ECONOMIC DEVELOPMENT OFFICE as industrial director for two years. He will join NEDO on February 1.

Mr. J. R. S. Homan, at present acting industrial director, will become deputy industrial director.

Mr. Fraser succeeds Mr. Bernard Asher whose secondment to the NEDO from ITT expired earlier this year. He will have special responsibilities for operating aspects of the Government's industrial strategy.

See Men and Matters, Page 18

BEATSON CLARK announces that Mr. D. B. Clark will succeed Dr. A. W. Clark as chairman, in May 1979. Mr. Clark is at present deputy chairman, and will retain the position of managing director he has held since 1971. He is president of the Yorkshire Glass Manufacturers' Association and a council member of the Glass Manufacturers' Federation.

★

Mr. Steven S. Licht has been made a managing director of CREDIT SUISSE FIRST BOSTON.

★

Following the death of Mr. Basil Mavroleon, chairman, Mr. Manuel Kulukundis, one of the founders of LONDON AND OVERSEAS FREIGHTERS, has been appointed chairman. Mr. Stanley Sedgwick has been appointed deputy chairman and will continue as managing director.

★

Mr. R. A. S. Lane has been appointed chairman, Mr. H. F. Purchase deputy chairman, and Mr. A. P. Cufflin company secretary of HODGE LIFE ASSURANCE COMPANY, a member of the Standard Chartered Bank Group.

Mr. Eric Harvey, a director of the BRITISH PRINTING CORPORATION and supervising director of the PURNELL group, will be retiring from executive duties on December 31. He will remain on the corporation board and as non-executive director of Purnell and Sons until his ultimate retirement in August, 1979. The corporation director responsible for the packaging and paper products group, Mr. Peter Hassell, will succeed Mr. Harvey as supervising director of the Purnell group, assuming the chairmanship of Purnell and Sons, and the other companies in that group on January 1.

★

Mr. David Perry, managing director of Fell and Briant, Croydon, has been appointed chief executive of the packaging and paper products group from January 1.

Mr. Gordon Forrest, deputy managing director, Fell and Briant, will take over from Mr. Perry as managing director from January 1. It is expected that later in 1979 Mr. Forrest will be transferring to the headquarters of the packaging and paper products group in a technical capacity.

★

NORTH SEA FERRIES announces the appointment of Mr. G. D. S. Dunlop as general manager, with effect from February 1. Mr Dunlop replaces Mr. J. M. Feringa, who is taking a senior appointment with ROYAL NEDLLOYD GROUP. Mr Dunlop previously worked with P and O.

★

Mrs. Caroline de Courcy-Ireland has been appointed a director of PHILBEACH EVENTS, the exhibition organising subsidiary of Earls Court and Olympia Group.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Current directly from sunlight

FIRST large solar generating unit in Britain to produce current through direct conversion of sunlight, that is by a photovoltaic process, is under design by Ferranti and the decision to carry out the task marks a considerable step forward by the company and the country in this important area of non-polluting energy capture.

At 2 kW peak output, it does not seem all that powerful, but solar arrays as they now exist, even on satellites, are not what one could call "power stations." Nevertheless, this is a start and when completed, the system is expected to be among the largest in Europe.

Ferranti won the award for the construction of the unit from the European Economic Community as a demonstration project to show the feasibility of using such a system in northern latitudes and an industrial climate.

Construction is under way at the company's Poynton plant and when the unit is operating in *mid-79 it will be the first photo*voltaic generating station in the UK, the company asserts.

The 160 solar panels *will pro*duce 2 kW dc in good sunlight. This power will be stored in a battery bank and inverted to provide a mains-compatible supply.

Ferranti is expanding its solar power activities, presumably with an eye on U.S. claims recently made that panel manufacturers are coming much closer to the cost level at which such panels could be justified, with cross-over early in the next decade.

Ferranti Electronics, Fields New Road, Chadderton, Oldham OL9 SNP. 061 614 0515.

● COMMUNICATIONS

Sends image quickly

ONLY a fortnight after a similar announcement from 3M, Plessey *has now also launched a desk*top facsimile receiver able to send an A4 page over the telephone *network in as little as* two minutes, but offering a choice additionally of three, four or six minutes.

The machine is nominally in the CCITT group two category and is able to communicate with group one machines (six *minutes) and also with other* manufacturers' group two equipment. Known as the MV1200, the *machine uses digital tech*nology *with solid state scanning* and printing and dual microprocessor control.

The *machine, which is manu*factured in Japan, holds a 100-metre roll of paper (an electrostatic system is used) for either continuous or unattended operation, and received copy is *guillotined to length. A4-wide* documents up to 27 inches long can be handled. Operation can be *half or full duplex.*

At the same time Plessey has also announced the availability of a digital transmission machine, also made in Japan, which can send an A4 document in 20 seconds. However, it expects 60 to 70 per cent of its *sales to be in the slower group* two.

The price difference is con*siderable: the MV1200 sells at* £2,600 or can be rented for £90 per month while the 20-second unit can only be purchased, at £8,000.

Plessey Communications Systems, Beeston, Nottingham NG9 1LA (0602 254822).

● HANDLING

Loader has more power

AMONG A number of advanced features promised in the design of an earthmover from Massey *Ferguson, is a disconnection of* the transmission when the brake pedal is operated so as to divert *all available engine power to the* hydraulics.

The crawler loader is called the MF 500C, weighs 13,130 kg and is rated at 113 hp net SAE flywheel. Its engine is the Perkins T6.354.4, and it is turbocharged to ensure that in export markets full power is maintained when the loader is working at *altitudes of up to 1,500 metres.*

Extra power and strength are said to be an integral part of the machine, and *special atten*tion has been given to the loader geometry to enable the bucket to be filled rapidly with minimal loss in transport or during loading.

More from the company at Banner Lane, Coventry.

Pumps for tough jobs

PARTICULARLY for use with aggressive fluids, such as detergents, coolants, chemicals, oils, etc, is a range of Kerren rotary vane pumps from Appliance Components Cordwallis Street. Street, Maidenhead, Berks SL6 7BQ (Maidenhead 32323).

These self-priming precision pumps are said to be suitable for a wide variety of rigorous applications associated with cleaning, welding, photographic and similar industries.

Models have delivery rates from 20 to 800 litres per hour *with a maximum pressure of 20* Bar (280 psi), and operate at temperatures up to 110 degC.

In order to ensure long and trouble-free life, says the company, no metal parts are in contact with the fluid. Polycarbonate is used for the pump rotor, the presusre chamber and vanes.

All the series, known as NKS, can be supplied fitted with a thermal overload switch for extra protection of the pumps. A *special feature* is their capability of being able to run *"dry" for relatively long periods.*

● CONSTRUCTION

Accuracy in building

IMPORTANT as a concept in building *design* is the British Standards Institution's BS 5606 "Code of practice for accuracy *in building." This makes use of* the discovery that each combination of construction methods and *materials consistently shows* its own distribution of size variation, a regular pattern is called the *characteristic accuracy.* Its application in the code means that the values for permissible deviation for many common items of construction are now founded on fact and can be confidently quoted in contracts.

BS 5606 has been produced after the first nationwide survey of building accuracy. Over 200 projects were located, with the help of the National Federation of Building Trades Employers, whose members undertook many *measurements on site.* Results were analysed by the Building Research Establishment and are presented as standard deviations and displacements of the mean, which describe the distribution of sizes for any item about its intended size. These values can be used to calculate the probabilities of satisfactory fit, or the need for correction.

Permissible deviations, formerly estimated, can now be calculated from the characteristic accuracy values to embrace any known range of size variation. Values for permissible deviation (or tolerance) that will lead to a known rejection, or correction rate can now be specified and the values given in the code have been calculated to include *99 per cent of construction.*

BSI, 2 Park Street, London, W1A 2BS. 01-629 9000.

Anchored into rock

HEAVY DUTY, ready-to instal, steel expansion anchors designed *for high load fixings in concrete* and rock are offered by Hilti (Gt. Britain), Hilti House, Chester Road, Manchester M16 0GW. (Tel: 061-872 5010).

In a range of six diameters from 12 to 24mm, each available in two lengths, the new HSL range provides pull-out values from 61.5 to 184 kN in 35n/per square millimetre concrete with shear values of from 98.6 to 321.8 kN.

Advantages *include a simple* and fast setting procedure requiring no special tools, expansion at low torque and built-in resistance to rotation in the hole during setting.

● SECURITY

Unjammable alarm

SOPHISTICATED ALARM equipment for private cars and heavy vehicles has been developed in Israel under the sponsorship of "Meltar" Institute for the *development of new ideas*, 27, Rothschild Boulevard, Tel Aviv.

The alarm system cannot be activated or de-activated from outside the vehicle, nor is its *existence discernible from out*side. The minute the door of the vehicle (or its bonnet or *boot) are broken open the alarm* bell rings and the lights go on automatically.

If the engine is started, it stops after five seconds while the alarm continues to ring.

Jeff Jones

Cullet, or broken glass, is difficult material to move and load, particularly near furnaces in high ambient temperatures. Glass-making plant cannot be stopped dead and if there is any hold-up in production, red-hot material is diverted to what is called the "bosh," where it is sprayed with water and cooled. *Broken bottles are also taken to this point. The Beaver R25 skid* steer loader, shown here, operates in these tough conditions and can negotiate the narrow alleyways under the furnace and around the bosh, carrying 1500 lb and turning in its own length.

Seating the crowds

DEMOUNTABLE tiered seating *for a few hundred people, or as* many as 80,000, which uses no bolts, screws or tools and needs *no special skills to erect,* is attracting the attention of sports bodies, theatre groups, cathedrals and other music *festival* organisations.

Made of aluminium modules that conform to rigid Greater London Council regulations, the tip-up seats fold away beneath the seat frame, minimising damage, transport and storage costs. This allows gangways to be made anywhere along the length of the stand, while step *frames with six inch risers, half* that between the tiers, also provide stairways where needed.

Interlocking standard units are 2.75m long and 1.5m in depth, weigh 70lb and can be palletised for moving by fork truck. Five hundred units will go into a 40ft container and three men should be able to erect 700-1,000 seats a day. Using more labour, erection time can be speeded up to *around two days for an 8,000-*seat stand.

Need for conventional fixing *systems is eliminated by the use* of lugs on the seat units, locking them togther and precisely positioning them on the steel framework. A gravity safety latch prevents the units being lifted once they have been dropped down on to the framework.

The GT system, is designed and made by Grandstand *Tribunes*, 40, High Street, Stratford-upon-Avon, Warwickshire. PETER CARTWRIGHT

Potential in China

CHINA IS looking actively at means of improving urban traffic control and *administration* by means of planning and the use of modern control systems, according to Mr. Hsieh Heng, deputy director, Traffic Safety Committee of *Peking Municipality*, and leader of a 14-strong delegation of Chinese traffic officials, planners and engineers, speaking at a meeting in London, with members of the British Consultants Bureau.

Several BCB members spoke at the meeting, explaining the very broad base of British experience in traffic planning, management and engineering. Emphasis was *put on the impartiality of British* consultants, on their sensitivity to local needs and on the *rigorous scientific basis of their* advice.

Two other Chinese Delegations have already had meetings with the BCB this year, demonstrating China's desire to get acquainted with British consultants.

● DATA PROCESSING

New source of machines

FOLLOWING THE acquisition in the U.S. of Data 100 (last week) and Sycor (in May) by Northern Telecom, the UK subsidiary of *Data 100 in Harpenden is now* offering Syncor computer products previously available only in the *U.S. and continental* Europe.

The two companies are part of a newly formed major subsidiary called Northern Telecom Systems International intended to concentrate the U.S. corporation's efforts in terms of equipment for *the "office of the future."* Including companies such as Intersil in which Northern Telecom has a 24 per cent interest, the corporation, which claims to be number two in telecommunications equipment in North America, now also has access to semiconductor and computing manufacture.

The new products to become *available* in the UK are the 290 on-line display system, the 405 entry level data processing system and the 445, intended for distributed data entry and processing.

Larger of the systems, the 445, is designed to address the needs of *modern* business management in offices and remote locations. It can support up to 256 kilobytes *of main memory, 308 megabytes* of disc storage, eight 2000-character video data stations and a combination of bi-directional matrix and line printers.

Operating system, called Omnitask, allows the 445 user to run eight *foreground and eight* background tasks in virtually any combination of data entry, data communications and processing. The 16 tasks can be running in cobol, basic, IBM 3270 emulation or can be any of a variety of utility programs.

Also available is a networking facility called Sycorlink, by which the disc files on any system can be accessed by any other on the network. Similarly, *peripherals can be shade, giving* an overall increase in throughput for the network as a whole.

Data 100 is at Arden Grove, Harpenden, Herts AL5 4UD (05827 63161).

Irish plant opened

CENTRONICS has moved into a new 70,000-square-foot manufacturing unit at Drogheda, in Ireland, at which matrix printers *will be made together with the* 6000 Series of line printers and, eventually non-impact machines.

The move from an existing 30,000-square-foot leased factory will allow the production rate to be increased to 300 units a week and will provide room for more sub-assembblies to be made in Ireland.

Systems on show

NEWLY APPOINTED worldwide distributor for Texas Electronic Instruments, Abacus Computers, will show microcomputers from TI, together with its range of products on Stand S0A at Compec, which opens at Olympia in London today.

The first public showing of Comma VO3, the new 16-bit microcomputer (this page November 30) is on Computer Marketing's stand. This company's telephone number is Purfleet (04026) 7161.

● TRANSPORT

Cleans big vehicles

SUITABLE FOR cleaning vehicles up to 12 feet high and *8 feet 3 inches wide is a low-*cost version of the Jet Clense Commercial vehicle wash *developed* by Wickham Industrial Equipment, Norton Road, Stevenage, Herts (0438 4041).

Known as the Jet Wash 2, it is a twin arch drive through machine which utilises high pressure jets of water and uses the Gensol cleaning chemical for maximum effect.

The chemical is able to remove road soil and traffic film without the need or manual or automatic brushing, says the company.

● PROCESSING

Packaged for efficiency

LUDLAM SYSCO has won an order valued at about £100,000 for the design and supply of a gasoline blender system to be *installed* at the fluid catalytic cracking unit under construction at Pembroke, South Wales, *where it will serve the Texaco* and Gulf refineries.

The order has been placed by *Snamprogetti*, main contractors to Pembroke Cracking Company for the construction of the refinery *extension*, valued at £290m.

Ludlam Sysco (division of Rotork) has specialised in the development of the packaged anaysler for the petro-chemical industry.

It was the first British pro*ducer of this type of system* and its activities are important both in the area of import substitution and *of exports.*

Ludlam Sysco packages have been sold in countries such as Abu Dhabi, Australia, Bahrain, Belgium, Holland, Italy, Norway and Portugal, as well as at several locations in Britain and in the North Sea.

A *packaged* analyser system forms part of the gasoline blender being incorporated in *the plant under construction for* Pembroke Cracking, mentioned above.

The petro-chemical industry has a need for many types of process control equipment at various locations in its refineries. In the past, sampling and analysing equipment has been scattered throughout a plant, close to each individual sample take-off point. It was often housed in brick bunkers *or similar buildings*, each of which has to be provided with pipework, electricity, ventilation, and so on. These various structures then had to be linked to a central control station. This was frequently a costly and time-consuming operation.

Ludlam Sysco packaged analy*ser is completely self-contained* in a walk-in housing, which is usually made of steel but can be offered in GRP; *for one or more* process analysers, and it leaves the factory near Devizes as a functionally tested unit. It contains items such as process analysers, sample conditoning modules spent recovery systems, lighting, steam and instrument air systems, ventilation failure alarms, explosimeters to monitor for gas leaks, and heating, venti*lating and air-conditioning sys*tems.

The equipment thus housed is protected, *not only against* the weather, but also against aggressive environments by forced-air ventilation, making it *possible to* carry out on-line maintenance without the need for a "hot work" permit.

The grouping together of analysers reduces the need for links and communications as well as facilitating maintenance. It *makes fewer demands on space*, labour and the co-ordination of building services and greatly *simplifies and speeds up commis*sioning. Testing and co-ordination takes place under controlled conditions in the factory, quality control is facilitated and on-site installation is swift and easy, thus saving the customer time and work during start-up and eliminating the risk of demarcation disputes.

Ludlam Sysco 51B High Street, Reigate, Surrey, RH2 9AE. (073 72 21111.

High speed pen maker

AN INTEGRATED "package deal" production line able to make up to 4,000 direct fill (that is, non-refill) ball point pens an hour can be supplied by Betol Machinery, and will be of particular interest to emergent *countries wishing to set up pro*duction capacity.

Betol is the only British manufacturer able to supply all the necessary machinery for this purpose from one source. Its new 2,000 line forms the pen bodies by extrusion, embodying coloured *stripes* and ensuring an accurate centre capilary for the ink.

After cooling the extrusion is cut to length by a rotary cutter and the lengths are fed to a finishing machine. This has a conveyor which carries the sections through hot foil name stamping, front end chamfering, counterboring to suit tip diameter, back and barrel machining, pneumatic filling with *ink, ballpoint tip fitting*, and rejection of incompleted items.

The pens are finally centrifuged (to make sure the ink flows down the barrel) 70 at a time.

Cradock Road, Luton, Bedfordshire (0582 54271).

Dutch whip non-stop

CONTINUOUS whipping of cream, yoghurt, cheese or other dairy products is possible with *a machine from Rijkaart of* Holland.

Control of specific volume and viscosity is accurately maintained within the closed whipping chamber, where gas or compressed air is dispersed in the mass. The aerated product emerges from the whipping machine via a flexible tube fitted with a counter-pressure unit and is then transferred to pouches or a depositing machine.

Whipping capacity is fully variable between 50 and 250 litres per hour. Volume increase in the output depends on individual products.

Complete with a 50 litre hopper and castor wheels, this stainless steel machine can be pushed to any part of production line with ease.

European Process Plant, 175, High Street, Banstead, Surrey.

● COMPONENTS

Switches are sure

WHERE ENHANCED reliability and higher electrical ratings are essential, says Licon (part of ITW) it is wise to use its small rugged double-break snap-action switches.

Features include *self-wiping* action, double the arc-breaking and current-interrupting ability of conventional switches, better heat-dissipution characteristics than a single-break switch of a similar size, plus dual-circuit capability arising from its two normally open and two normally closed contacts.

A further advantage over stressed blades, says the company, is that the coil-spring snap-action mechanism is not stressed to its limit even under full over-travel conditions.

More from Norway Road, Hilsea Industrial Estate, Portsmouth PO3 5HT. (0705 694971).

● MATERIALS

Good fixing of labels

AN EASILY applied bond for labels mounted on all surfaces commonly encountered in freight packaging is provided by an aerosol adhesive put on the market by 3M.

Effective on painted metal, plastics, glass, wood and board, the material is claimed to be substantially superior to gummed labels and conventional gums and pastes. It is clear, non-staining, and fast tacking, quickly and securely fixing labels to smooth, rough, flat or curved surfaces.

The nozzle valve used is designed to reduce wasteful overspray. In addition, the product soaks in very little, preserving label legibility. Bonding takes about ten minutes.

More from 3M House, P.O. Box 1, Bracknell, Berks RG12 1JU (0344-58245).

● INSTRUMENTS

Gauge will disregard coatings

AN ULTRASONIC thickness gauge with digital display available from Surtest (Marine) will measure steel or other metals to an accuracy of 0.1 mm and will ignore the presence of paint films or any other coatings.

SP3 operates with a single tranducer, avoiding errors which can sometimes occur with twin probe systems arising from angular propagation paths through the material.

Measurement is by detecting the first, second and third returns at the probe from the backwall and gauging the time intervals between them (which are identical). To avoid "catching" the wrong peaks of the ultrasound waveform due account is taken of the exponen*tial decay* on the envelope of the returns. Calibrations stored in a memory take account of different decays for different materials.

Reflection is essentially from the paint/steel interface; but some energy reaches the probe and the time intervals between the arrivals there are a measure of the thickness of the substrate.

Measurements appear on a three digit display and the unit can deal with thicknesses from 3.0 to 99.9 mm.

Apart from pre-set velocity calibrations for materials other than steel the only control is the start button. To save power the unit switches itself off after one minute of operation.

An important advantage of the instrument is that there is no need to grind off protective films before measurement.

More from 86 High Street, Newport Pagnell, MK16 8AB (0908 611777).

Crack unit is proved effective

TESTS CARRIED out by the National Engineering Laboratory at East Kilbride have shown that EMI's acoustic emission system is capable of predicting, detecting and locating fatigue cracks in large steel structures.

The work was carried out on a full-sized steel node similar to those used on large offshore platforms. The node was stressed cyclically to a point where a fracture occurred, spreading to approximately one-third of the circumference of the cross-member.

By means of an array of five transducers, placed radially around the welded joint, acoustic emissions were used to detect and locate the source of the fracture before the defects were visible. *Measurements* were made of crack growth rate and then correlated with the acoustic emission data.

Using a minicomputer to deal with the characterisation processes the system is able to distinguish between background noise and genuine crack extension noise.

Contained within six feet of 19 inch racking, the system has an associated graphics display which shows not only the relative positions of the emissions but analyses their characteristics and provides a display of emission intensity. Sufficient processing is provided to determine the presence of a crack and whether it is active or passive.

EMI Electronics, Albert Drive, Sheerwater, Woking, Surrey GU21 5RU. (04862 76123).

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Top managers and Government officials from all over the globe have been gathering in New Delhi for a unique event: the CIOS World Management Congress, which starts today. This is only the second time this regular, four-day event has been held *in Asia, and the first time in one of the* region's developing countries. Though its scope is worldwide, the congress will inevitably focus particular attention on the host country's industrial management. As Nicholas Leslie and P. C. Mahanti report below, "professional management" is growing apace in India, but training and education resources are coming under intense pressure, in terms of both quantity and quality. *One of the most sensitive* problems is the content of many training "case studies," which reflect too many American cultural assumptions, and lack Indian "flavour."

India thinks small on a big scale

BY NICHOLAS LESLIE

IT IS not only the major industrialised nations which are now looking to the small company sector to work something of an economic miracle. India, for instance, also has a programme under way to expand what it terms its small scale and cottage industries, in order to help improve the economies of its rural areas and, particularly, to help bring down the high level *of unemployment.*

One element in this programme is the government's creation of "industry centres" in 420 of the country's districts. Here, common facilities for such things as manufacturing, marketing and finance are being made available to help small *enterprises to get established.*

However, if these are to be successful, more managers will be required with particular skills, as well as the necessary commitment to tackle problems in areas with few facilities. This means that more demands are likely to be made on management in the private sector of industry, which has already been called upon in recent years to raise the level of management expertise in public sector enterprise through the induction of managers into that sector.

The All India Management Association, which is recognised by the government as the top body for all matters relating to management education and training, has already been called on by the government to help train personnel to manage the industry centres. In addition, when the centres find themselves short of specific skills or knowledge in the future, it is envisaged that they will be "loaned" *someone from* industry.

It is not only with its "industry centres" that India has some very particular management problems. Historically, control of the private sector of industry has been in the hands of a relatively limited number of wealthy families. In more recent years people from a more broadly-based background have been moving into executive positions and this has helped to introduce more *professionalism* into management. But more than 80 per cent of managers in India still have had no management education or training.

Mr. Prem Pandhi, president of the AIMA, believes that if the increasing demands on management resources are to be met, more emphasis must be placed on management education. He believes the standard of this education must be raised. And, despite the calls that have already been made on industry he feels that it must do much more to help in this direction, particularly with finance.

The teaching institutions themselves do not have the resources to raise the amount and standards of management education, he argues, adding that the government does not have the necessary resources, either.

Weakness

At present, says Mr. Pandhi, *much of the teaching being* done is based on case studies. He has no quarrel with this in principle. Nonetheless, he does feel there is a weakness in the way the case studies are prepared.

Some of them are completely American: studies of U.S. corporations *done by Americans.* In other instances, Indian managers are invited by Harvard or some other business school in the U.S. to prepare a case study on Indian industry. Financed from the U.S., these studies are carried out inside Indian companies, which are generally *very cooperative about providing* people with facilities to carry out their work.

But the theses that result from these studies are invariably written up in the U.S., with all the usual American cultural assumptions. This, maintains Mr. Pandhi, means that "you do not get the same sort of flavour as you would get if the *projects had been done entirely* in India."

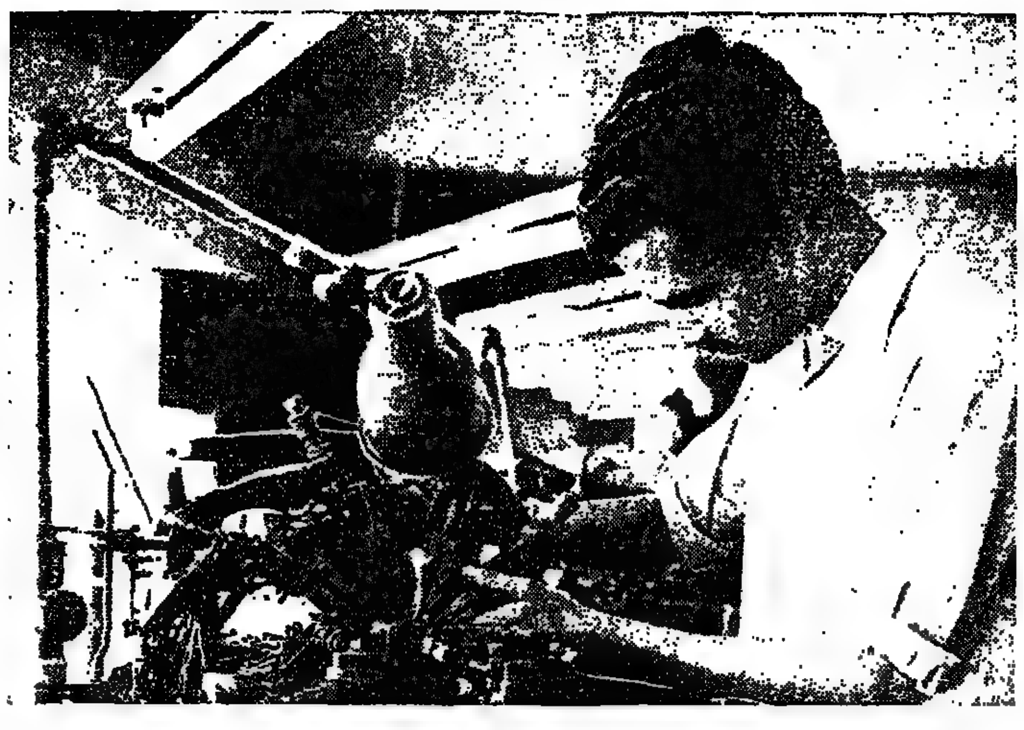
The "flavour," says Mr. Pandhi, is important to a general understanding of the relevance of a case study to Indian experience. If a thesis becomes Americanised the correct nuance does not come *through. Consequently, a study* cannot have the impact it would have if it were free of outside influence and took into account accurately Indian industrial practice and culture.

In other areas of management training Mr. Pandhi is an advocate of a "two-way traffic" *between teaching institutions* and industry. Industrialists, he says, should take sabbaticals—preferably of one to two years' duration—to teach in institutions, while teachers in institutions should go out into industry.

India's size, though, presents *particular difficulties in terms* of both management training and the maintenance of given standards of education. The AIMA has some 40 state management associations affiliated to it, but around half of the managers who are members of them will live perhaps hundreds of miles away from their local association's headquarters. As a result they may go to so-called "teaching shops," which Mr. Pandhi maintains may offer poor and unprofessional standards, or pick up a correspondence which also may have no guaranteed quality.

For this reason the AIMA has itself been expanding its effort in providing correspondence courses. Though the numbers applying for such courses—over 2,000 this year—is not very large in relation to India's population, it is hoped that a big multiplier effect will boost the numbers in future.

The AIMA has no plans to emulate the UK's British Institute of Management, which changed its constitution in 1976 in order to become a representative body ready and willing to lobby the government, unions and other organisations to further the aims of its members. It is happy to remain in a neutral position, accepting no *financial or other aid from the* government, and concentrating instead on management training and education.



One of the small enterprises now in considerable Government favour: a watch factory at Dharampur, Simla, Himachal Pradesh.

Whether or not the AIMA is *non-political, its members (and* other managers) are currently preoccupied with a government-inspired problem that has a familiar ring about it to UK managers: a wave of legislation which they consider excessive. Certainly, a great deal of time is being spent one way or an*other in dealing with legislation* governing the activities of companies.

For people such as Mr. Pandhi—who is also chairman of Cad*bury India, part of the UK's* Cadbury Schweppes confectionery and drinks group—this is particularly so. Cadbury India is going through a transitional stage — familiar to other subsidiaries of foreign companies—whereby foreign equity in Indian companies is being *forcibly diluted at government* insistence. The majority of the equity — about 60 per cent — will ultimately be owned locally and this will mean much more *money being available to the* company.

While this is going on, Mr. Pandhi is spending around half his time dealing with the government. Then, under Cadbury India's new structure, he faces fresh challenges. For, he says, with many more share*holders to answer to, and more* money to deal with, he is having to create "a whole new way of management."

Fighting to overcome the shortage of professional talent

WHILE MANAGERS in Britain bemoan their lack of social status and proper remuneration, management in India is becoming probably the most lucrative and prestigious career in the country.

The "professional manager" is now quite well established in Indian industry, so much so that companies which are professionally managed go to great lengths to emphasise the fact in print when they advertise new capital issues, for example.

The term "professional *management*" is, of course, capable of various interpretations. The orthodox one refers to management divorced from ownership; the more modern, *to people who are professionally* qualified to undertake separate and specialised management functions.

Although it could be said that professional management arrived in India with the East India Company, more opportunities became available for Indians with the advent of the multi-nationals at the beginning *of this century.*

Companies like ICI, Dunlop, Unilever and Firestone trained people as managers and they in turn formed the nucleus of what is today a substantial corps of professional managers running a wide variety of industries—ranging from steel and textiles, to automobiles, electricals, man-made fibres, chemicals, tele-communications, electronics and aircraft.

Indians are now in charge of the local subsidiaries of ICI, Dunlop, Metal Box, Unilever and Union Carbide—among many other companies.

In the 1950s, India launched into five-year plans, going flat out to industrialise in an attempt to achieve a respectable measure of economic growth. The industrial structure was strengthened through the application of new technology, acquired either through foreign investment or imported as part of technical collaboration agreements.

An inevitable consequence of these developments was a large increase in the number of industrial companies, and also in the average size.

But many companies—both industrial and otherwise—are still family-controlled. The Tatas, Birlas, Singhanias, Modis, Mafatlals, Shrirams, Dalmias and Jains are the leading and most powerful business families.

It might seem improbable that professional management has much chance to be effective in such circumstances, and in many family-dominated concerns this is still the case. But the pressure of competition, the challenge of modern technology, and government regulations are all combining to force the families to employ professionally qualified people to manage those areas where mere blood ties are ineffective.

Joint stock

In an attempt to ensure that a small coterie of individuals or *families* does not control a large segment of industry through a chain of interlocking directorships, the Government has introduced laws to regulate industry. These stipulate specific conditions for the appointment of directors of joint stock or public limited companies, by fixing the maximum number of companies for which any one *individual* can serve as a director. A series of laws also governs the operation of factories, requiring the employment of professionally qualified people in their particular fields.

The Government has also initiated measures to promote worker participation in some of its own concerns; for example, Hindustan Steel has appointed worker-directors.

Indeed, the public sector, which represents huge Government investment in a large range of enterprises, has given considerable impetus to the growth of professional management.

Originally managed by bureaucrats, the public sector industries are now run by people trained either in the private sector or under that concern's executive development programme. For example, *Mr. Wadud Khan, a former Tata* employee, was brought in as chairman of the loss-making steel holding company, the Steel Authority of India, and transformed it through a better distribution and pricing policy. His successor, R. P. Billimoria, also a one-time Tata employee, *brought professionalism to the* management functions of the organisation.

An increasing number of the business families are sending their sons to business schools abroad, especially in the U.S. But there has also been a rush for admission to schools, specialised institutions and university departments which offer relevant courses in India itself.

There are at present three *specialised institutes of management.* Those at Calcutta and Ahmedabad are run in collaboration with the Sloan School of Management at the Massachusetts Institute of Technology, and the Harvard Business School, respectively.

The business schools of the universities of Bombay and Calcutta are postgraduate depart*ments for management education.* Several universities have opened special departments, bringing the number of recognised courses to well over 30. For the purpose of conducting courses in management, the *State does not recognise a further* 12 privately-run institutes.

Only one candidate in 20 has a chance of being admitted to one of the recognised management courses, since the Government keeps the number of candidates within the prescribed *ceilings.*

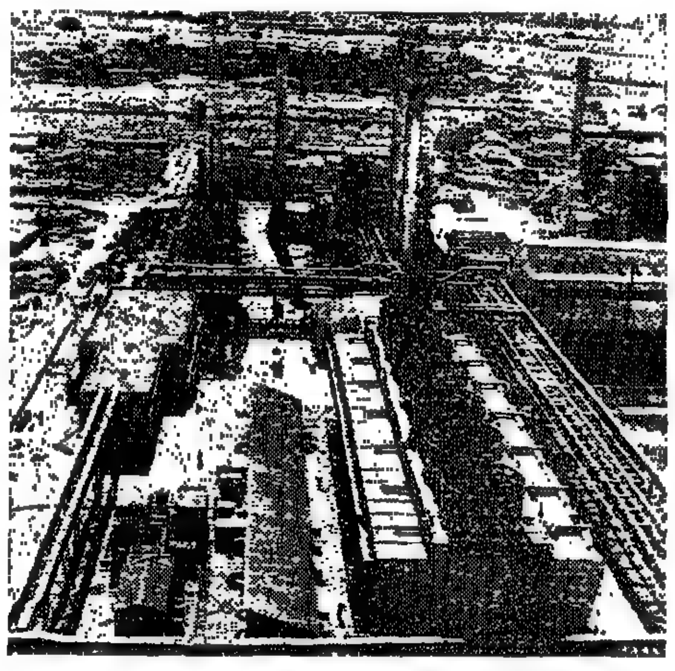
A special official body oversees the institutes of management, as well as the university course, thereby reducing the scope for favouritism or corruption.

No less spectacular has been the growth of professional associations formed by managers all over the country. There are at present some 36 local associations, concentrated mainly in Calcutta, Bombay, Madras and Delhi, and all affiliated to the All India Management Association, which has its headquarters in Delhi. These associations *have played an active part in* promoting executive development programmes.

The AIMA has played a particularly key role. Its management development activity has already covered over 10,000 executives from the public and private sectors of industry, *defence services and government* organisations. It has specialised in providing functional courses in such areas as finance, personnel, marketing and production.

But the shortcomings of management training in India are being increasingly felt. It is *only when courses are properly* tailored to indigenous attitudes and circumstances that they will achieve what must be their basic objective: of helping combat India's seemingly insoluble problems of mass poverty and low economic growth.

P.C.M.



The Kanpur plant of one of ICI's subsidiaries: with Dunlop, Unilever, Firestone and others, ICI trained the nucleus of what has become a substantial corps of professional managers in India.

Business courses

The Art of Leadership and Delegation, London. February 5-6. Details from Eurotech Management Development Service, PO Box 28, Camberley, Surrey, GU16 5HR.

Financial Management for Non-Financial Managers, Villars-sur-Ollon, Switzerland. January 15-26. Details from Management Centre Europe, Avenue des Arts 4, B-1040 Brussels, Belgium.

Fundamentals of the 9900 Microprocessor, February 5-9. Fee: £250. Details from Bleasdale *Computer Systems,* 7, Church Path, Merton Park, London SW19.

Product Liability—Managing the Risk, Amsterdam. February 6-8. Fee: £275. Details from Risk Research Group (London), Bridge House, 181, Queen Victoria Street, London EC4V 4DD.

Cost Reduction through Value Analysis, London. January 16. Fee: £60. Details from Purchasing Economics, Pel House, 35, *Station Square, Petts Wood,* Kent BR5 1LZ.

Financial Control of Research and Development, Bradford. February 20-23. Fee: £150 or £125. Details from University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

Energy Managers' Training Course, Solihull. February 19-23. Fee: £165. Details from *Department of Energy,* Box 1685, Thames House South, Millbank, London SW1P 4QJ.

LOMBARD

How EMS could help the dollar

BY SAMUEL BRITTAN

IT IS PAROCHIAL to suppose that the only—or even the most important—problem facing the European Monetary System is whether the UK joins. A different question, which will have to be faced sooner rather than later, is what the new European system can contribute to the problem of the dollar; or, to be precise, to the overhang of dollar balances which governments, central bankers and large private holders would like to diversify into other currencies given the opportunity. This overhang limits the present recovery of the U.S. currency and is liable to aggravate any future phases of weakness.

The main impulse to German interest in the European Monetary System came from the weakness of the American dollar—also from Chancellor Helmut Schmidt's personal misgivings about President Carter. Specifically, Herr Schmidt was worried about the effect of a falling dollar and rising mark on the competitive position of German industry.

The main German worry concerns not so much the dollar-mark exchange rate, as the pattern of exchange rates within the European Community. When there are portfolio shifts out of the dollar people do not move equally into all the European currencies. They move specifically into the German mark—and the Swiss franc. This pushes up these two currencies against, for example, the French franc and sterling. Producers in Germany and Switzerland complain that the appreciation of their currencies is much in excess of what would be required by differences in inflation rate. A visitor who has to pay £7 for a modest taxi ride in Zurich appreciates the point very quickly.

German gains

This problem will not be solved just by pegging exchange rates. "Fixed but adjustable" parities will not automatically make the weaker currencies just as attractive as the stronger ones. There will simply be gains to reserves by Germany until the mark is revalued in the super-snake. If Germany inflates instead of revaluing, this would simply be another route by which their producers lost competitiveness, as in the pre-EMS conditions.

There is, however, one way of diluting the inflow of funds into Germany over all EMS members. This would be to introduce a "substitution account" in which non-Community official holders of dollars could exchange them for ECUs. Such an arrangement has often been proposed in the IMF under which dollars would be exchanged for SDRs.

An ECU holding would guarantee, for example, a petroleum exporting country against fluctuations in the value of one European currency against each other. There is still the question of why it should prefer the ECU to D-marks or buying its own basket in the market. Part of the answer lies in the fact that conversion into ECUs would be politically less embarrassing than plain dollar sales in the market. But it would be dangerous to base policy on such arm-twisting considerations; and it would be better to introduce a small interest rate advantage as a sweetener.

Black magic

An ECU facility would not be black magic any more than a conversion facility into Special Drawing Rights under the IMF would be. American debts would simply be transferred from existing holders to an international group. The terms on which the new owners would continue to hold the debt would be a matter of negotiation with the U.S. authorities. But these holdings might be expected to be more stable than existing dollar balances.

The development of the ECU as a reserve asset does not require fixing intervention points against the basket rather than the grid. Indeed it would still be possible if European currencies were freely floating—as the existence of such proposals in the IMF-SDR context confirms.

The danger of an ECU substitution account is that too much will be expected of it. Diversification by private portfolio holders will still be able to push the dollar downwards; and the odds are that the dollar will continue to fall and the mark to rise relative to their purchasing power parities. Thus Germany will export currency and become increasingly "uncompetitive" on trading account. An ECU substitution account could put a brake on the development of the mark as a reserve currency and remove some of the hysteria which surrounds the dollar in Europe. But there is no way—short of a single EEC currency—to prevent the German consumers from enjoying the benefits of reserve currency status—and probably a current account deficit as well.

Burgundy: wine, folklore and high price

WINE

BY EDMUND PENNING-ROWSELL

SINCE 1851 the Hospices de Beaune has sold by public auction the new wines from its own properties, named after its benefactors, such as the founder in 1443, Nicolas Rolin, or of the donors, including such local wine merchants as Drouhin and Chanson. Since the hospital authorities neither wish to keep the wine nor, unfortunately, to bottle it themselves, the sale is held in November, and within two months the purchasers have to remove the wine to their own cellars. Centring on this auction, in 1935 a festival week-end was started under the title of Les Trois Glorieuses, the reference being to three large-scale banquets at the chateau of Clos Vougeot, in a bastion of the extensive town walls of Beaune, and in the village hall of Meursault.

Such gastronomic flights—which one way and another would not leave much change from £100—are not for the groundlings, and they have organised a sort of harvest festival, in which bands parade through the streets and dancers from as far afield as Germany, Holland and Switzerland dance folklorique measures on stages erected in the squares: 25 groups and 800 performers, the posters announced this year. Stalls provide solid fare and beaujolais nouveau is dispensed at street temperature.

More serious is an open-air display of viticultural equipment and machinery—significantly, a large mechanical picker that was claimed to have operated successfully in several vintages was on show this time—and in the Hotel de Ville there is a huge exhibition of growers' wines, arranged village by village, from Chablis down to Beaujolais. The emphasis is on the new, often still-fermenting and cloudy wine, for this provides for the experts a clue to the quality of the vintage. Little real business is done here, but notes are made, visits to the proprietors arranged, to the accompaniment of much tasting and expectoration onto the thickly sawdust covered floors.

The Hospices also hold their own pre-sale tasting at which the appointed growers and wine-makers in each of the vineyards pour from long pipettes into the outstretched *tastevins* of, among others, the merchants who may be buyers at the sale itself.

While all this adds to the jollity of the locals and the visitors, for these merchants the accompanying auction may be more of an occasion for concern than for rejoicing. For although emphasis is always placed on the charity and, still more, the publicity aspects of this first demonstration of the quality and price level of the new vintage, the prices paid carry considerable weight with the thousands of growers on the Côte d'Or, many of whom await the results before offering their own wine. True, this year the shortage of stock had already led to early buying (Nicolas, the large Paris merchant, bought substantially immediately after of the vintage) at prices up to 100 per cent higher than for the inferior, though plentiful 1977.

This year the merchants feared that if this trend was confirmed at the Hospices, prices might go even higher for a crop whose size will not be known officially for some weeks, but is already known to be deficient: perhaps two-thirds of a normal harvest, but particularly short in red wines. For the Côte d'Or whites the crop is nearer average.

Fortunately, alhough the prices paid were high enough, in all conscience, they ended up lower than most of those ruling in the region. However they started at a high level. The order of sale is decided each year by ballot, and this time the first lot was the much-esteemed Cuvée Nicolas Rolin. For many years the firm of Patriarche, probably better known in Britain for Kriter than for burgundy, has always bought this lot in the glare of the television cameras which are soon withdrawn from this tediously long affair. In recent years Patriarche has been challenged, particularly by Henri Maire of Arbois, but now also established in Beaune. This year Patriarche won, with a top price of FFrs 30,000 per cask (300 bottles) for the first lot. If any of this wine were to cross the Channel its opening retail price would not be less than £200 a dozen.

Last year the Nicolas Rolin went for only FFrs 9,200, so the opening omens looked bad from the merchants' viewpoint. Patriarche then paid FFrs 250,000 for two casks specially auctioned for a charity associated with the film star who presided over the sale, but as the five-hour sale proceeded of no more than 63 lots of wine (plus some casks of marc made from the skins of last year's vintage grapes) the prices dropped. If the two special casks are excluded the average price per cask was up by 46 per cent on the 1977 figure, which had been 12.5 per cent up on the excellent 1976s. The Hospices actually received less money—FFrs 6.2m—than last year, as the small crop produced only 362 casks, compared with 586 last year.

The highest price for the normal lots was FFrs 35,000 per cask for the Hospices' latest acquisition, and the only one on the Côte de Nuits—a Mazis-Chambertin that had been judged excellent in the pre-sale tasting. Yet the white wine that often makes the top price of the sale, the tiny Corton Charlemagne Cuvée François de Salins, fetched only FFrs 22,000 compared with FFrs 20,400 for the less good 1977.

Fascinating though this may be to the observer, since the average price of about £2,000 a cask would imply an initial retail price here of at least £10 a bottle, not too many of us as consumers are likely to be called on to draw the corks of these 1978 Hospices de Beaune wines. However, all burgundy is now becoming expensive for those paying in pounds rather than in Swiss francs or D-Marks. To take the basic Bourgogne Rouge, FFr 1,500-2,000 in 1977 is now was FFr 1,200-1,500 in 1976 and the grower's price per cask that quoted at FFr 3,000. Pommard has risen from FFr 5,000 last year to FFr 9,000 now, and Meursault from Fr 3,200 to FFr 6,000; and if one scales the dizzy heights of Montrachet the ascent is from FFr 13,000 to FFr 24,000—not far off double the price of 1977 first-growth clarets. The most way-out price quoted this year is FFr 6,200-6,500 for Pouilly Fuissé—now largely the preserve of the Americans—which is the same price as Corton Charlemagne in 1977.

For the record, there are those who say that 1978 is even a better year than 1976, with less tannic red wines, and well-balanced whites. All should develop reasonably soon. But with Chablis pricing itself out of the market, the best bet in Burgundy now lies in the south—in Beaujolais, where an excellent large vintage has occurred. Those particularly addicted to red burgundy but who cannot accept the Côte d'Or prices should pay careful attention to the cru beaujolais when they appear—Moulin-à-vent, Fleurie, Juliénas and the like.

Fred Winter's runners should score at Newton Abbot

RACING

BY DOMINIC WIGAN

NO ONE training under National Hunt rules has a better record with first time out runners than Fred Winter and I expect to see three representatives from Uplands underline this point at Newton Abbot this afternoon.

There the former champion jockey turned champion trainer introduces newcomers, Mr. Pringle and Swordsman, my selections for the Novices Hurdles, and saddles too Killwarren for his first race this season.

The most interesting feature of the afternoon, in my opinion, will be the five-year-old, Killwarren's attempt to defy 12st in what looks to be a tight handicap for the two miles and one furlong Helston Hurdle.

A much-improved young hurdler in the second half of last season, John Francome's mount is reported to have come on particularly well in recent weeks. If this is the case, I believe he will prove capable of conceding 30lb to the course winner, Waltzer, a close second to Royal Judgment at Ascot on his seasonal debut before chasing home Cantlie and Balitree in a minor event at Devon and Exeter.

Mr. Pringle, Winter's runner in the opener, Div. I of the St. Just Novices Hurdle, will not need to be a world beater to oblige at the first time of asking now that Farmer's Choice and Time Up have come out. But Swordsman could find Main Ingredient bustling him up in the Second Division of that same event.

Bert Firestone is reported to have paid a figure approaching the £750,000 mark for that remarkable mare, Fanfreluche.

The previous record for a brood mare sold at public auction stood at $1m, the amount laid out for Queen Sucree at Keeneland in 1976.

Fanfreluche, a daughter of Northern Dancer, is in foal to the Triple Crown winner, Secretariat.

NEWTON ABBOT

12.45—Mr. Pringle**
1.15—Rio
1.45—Court God
2.15—Herminius
2.45—Killwarren*
3.15—Swordsman***

Colt Grand National

NEXT YEAR'S Grand National is to be sponsored by Colt, of Cirencester, the car company, to the extent of £66,000; it was announced in Liverpool yesterday when it was explained that Colt, although 49 per cent owned by the Mitsubishi Corporation of Japan, was a British company.

The race will be known as the Colt Car Grand National.

TV Radio

† Indicates programme in black and white

BBC 1

12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 3.25 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (As BBC-2 11.00 am). 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Screen Test. 5.05 John Craven's Newsround. 5.10 The Record Breakers.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Osmonds (London and South-East only).
7.20 James Burke's Connections.
8.10 Dallas.
9.00 News.
9.25 Play for Today.
10.35 Tonight.
11.15 Gymnastics, The Coca-Cola International.
11.40 Roads to Conflict.
12.05 am Weather/Regional News.

All Regions as BBC-1 except at the followings times:—

Wales—5.55-6.20 pm Wales Today. 6.50 Heddiw. 7.10 Pobol Y Cwm. 7.40-8.10 David Essex. 11.40 Dechrau Slarad. 12.05 am News and Weather for Wales.

Scotland—2.00-3.30 pm Rugby Union. Scottish North and Midlands v New Zealand. 5.55-6.20 Reporting Scotland. 6.50-7.20 Songs of Scotland. 10.35-11.15 Tuesday Night. 12.05 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 As I Roved Out. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) Spot On! Midlands (Birmingham) Action! 78; North (Leeds) Lifelines, North East (Newcastle) Tuesday North; North West (Manchester) Atarah's Musical Circus; South (Southampton) Gusden on Location; South West (Plymouth) Peninsula; West (Bristol) 1 x 30 High Speed Train.

BBC 2

10.20 am Working for Safety.
11.00 Play School.
2.30 pm The Engineers.
3.00 Propaganda With Facts.
3.20 The Living City.
5.10 Open University.
5.35 News On 2 Headlines.
†5.40 Laurel and Hardy Showcase.
6.00 In the Making.
6.20 "Dimme."
6.45 Cricket: First Test, Australia v England (highlights).
7.15 Mid-Evening News.
7.20 Barry Manilow.
8.10 The Voyage of Charles Darwin.
9.10 Wodehouse Playhouse.
9.45 Man Alive.
10.35 Floodlit Rugby League for the BBC-2 Trophy.
11.20 Late News.
11.30 The Old Grey Whistle Test.

LONDON

9.31 am School Programmes. 11.00 The Mackenzie Affair. 11.55 Felix the Cat. 12.00 Chorlton and the Wheelies. 12.10 pm Daisy, Daisy. 12.30 A Ripe Old Age. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 The Best of British Fashion. 3.20 Heart to Heart. 3.50 The Sullivans. 4.20 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Botanic Man.
7.30 Charlie's Angels.
8.30 The Upchat Connection.
9.00 Fallen Hero.
10.00 News.
10.30 Spinners Under Sail.
11.30 Lou Grant.
12.25 am Close: A painting by Degas, with music by Berlioz.

All IBA Regions as London except at the following times:—

ANGLIA

11.00 am Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.25 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 The Rolf Harris Show. 11.30 Westside Medical. 12.25 am Chapter and Verse.

ATV

11.00 am World Leaders—Winston Churchill—Action This Day. 11.50 Bringing Mother. 1.20 pm ATV Newsdesk. 3.55 The Electric Theatre Show. 5.15 Mr. and Mrs. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Oscar Peterson Presents. 12.00 Something Different.

BORDER

11.00 am Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Border News. 2.00 Houseparty. 5.15 University Challenge. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Sit-ins with Gina. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 5.15 Mr. and Mrs. 6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Fantasy Island. 10.28 Channel Late News. 11.30 Pro-Celebrity Snooker. 12.10 am Commentaries et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 11.00 Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Grampian News Headlines. 5.15 Mr. and Mrs. 6.00 Grampian Today. 6.35 Country Focus. 7.00 Botanic Man. 7.30 The Scottish Land Debate: "Grounds for Change". 11.30 Power Without Glory. 12.25 am Reflections. 12.30 Grampian Late Night Headlines.

GRANADA

11.00 am The Flintstones. 11.25 Wildlife Cinema. 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 7.30 Fantasy Island. 11.30 Dan August.

HTV

11.00 am Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.25 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Botanic Man. 7.00 Three Little Words. 7.30 Fantasy Island. 11.30 Code R.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Brwyd. 11.30 Morwlihan.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.00 am Witherspoon. 11.15 Percy Thrower's Garden of the South. 11.40 Oscar—Damsel in Distress. 11.55 The Sweet Sugar Doughnut. 1.25 pm News and Road and Weather. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.35 What's Your Problem? 7.00 Emmerdale Farm. 11.30 Late Call. 11.35 Pro-Celebrity Snooker.

SOUTHERN

11.00 am Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day, including Southsport. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Pro-Celebrity Snooker.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 11.00 Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm North East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Fantasy Island. 11.30 Emergency. 12.30 am Epilogue.

ULSTER

11.00 am Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Mary Tyler Moore Show. 7.00 Emmerdale Farm. 7.30 All-Ireland Opportunity Knocks Final. 11.30 Bedtime.

WESTWARD

11.00 am Witherspoon. 11.15 Percy Thrower's Gardens of the South. 11.40 Oscar. 11.55 The Sweet Sugar Doughnut. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Mr. and Mrs. 6.00 Westward Diary. 7.00 Treasure Hunt. 7.30 Fantasy Island. 10.28 Westward Late News. 11.30 Pro-Celebrity Snooker. 12.10 am Faith For Life.

YORKSHIRE

11.00 am Cartoon Time. 11.10 Life on Jinks. 11.35 Tell Me Why. 1.20 pm Calendar News. 3.20 Calendar Tuesday. 5.15 You're Only Young Twice. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 Emergency.

BBC Radio New Wavelengths

1	1053kHz/285m, 1089kHz/275m
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo
3	1215kHz/247m & 90-92.5vhf stereo
4	200kHz/1500m & 92-95vhf
BBC Radio London:	1458kHz, 206m & 94.9vhf
Capital Radio:	1548kHz, 194m & 95.8vhf
London Broadcasting:	1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30-9.02 As Radio 2. 9.02-10.00 As VHF. 10.00 John Peel (S). 12.00-2.00 am As Radio 2.

VHF—5.00 am As Radio 2. 9.02 pm Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S), including 5.32 Cricket: First Test—Australia v England (report) and 6.15 Pause for Thought. 7.32 Terry Wogan (S), including 8.25 Cricket (further report), 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Harry Rowell's Open House (S), including 1.45 Sports Desk. 2.30 David Hamilton (S), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On the Third Beat (S). 7.30 Folk 78 presents Carter and Jones in concert (S). 8.02 Tuesday Night is Gala Night: Johnny Mathis in Concert (S). 9.02 International Boxing Special. 9.55 Sports Desk. 10.02 The Frankie Howerd Variety Show. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00 am News Summary.

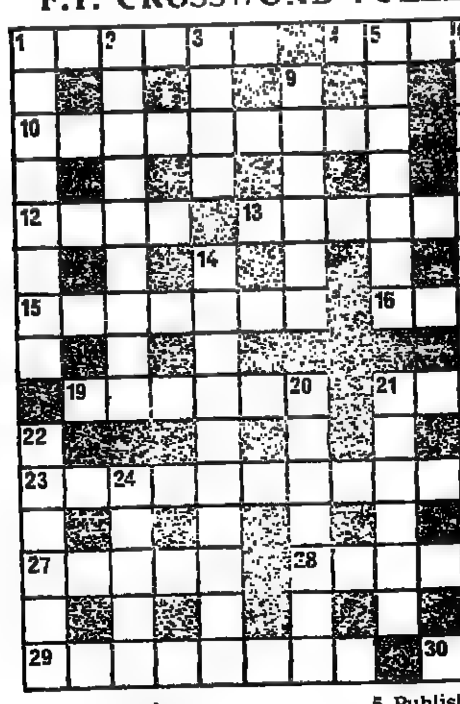
RADIO 3

†6.55-8.05 am Cricket: First Test Australia v England. 6.55-7.00 Weather. 7.00-7.05 News (VHF only). 7.05-8.00 Overture (S) (VHF only). 8.00-8.05 News (VHF only). 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Mozart (S). 10.00 Holiday Special. 10.20 Cardiff University Recital part 1 (S). 11.05 In Short (talk). 11.15 Cardiff University Recital part 2 (S). 12.00 BBC Northern Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 BBC Northern Symphony Orchestra part 2 (S). 2.10 Music at St George's, Bristol (S). 3.10 Messiaen's Turangalila Symphony (S). 4.30 Master Cellists (S). 5.15 Jazz Today (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: A personal view of Verdi's opera "Simon Boccanegra" (S). 7.30 Edinburgh International Festival 1978 Concert, part 1 (S). 8.20 Fame, Rivalry and Priority (talk by Professor Maurice Crosland). 8.40 Edinburgh International Festival 1978 part 2 (S). 9.30 The Third World War (talk by Professor Laurence Martin). 9.50 Czech Piano Music (S). 10.50 The Prelude. 11.20 Schubert on record. 11.45 News. 11.50-11.55 Tonight's Schubert Song.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today. Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-minute Theatre. 11.30 Farm Chat. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Desert Island Discs. 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.10 Questions to the Prime Minister. 3.35 Vanity Fair (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather programme news. 6.00 News. 6.30 The Peter Hudson Show (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 More Deadly than the Male (girl terrorists). 8.45 Scientifically speaking. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 You've Got to be Joking (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

F.T. CROSSWORD PUZZLE No. 3,840



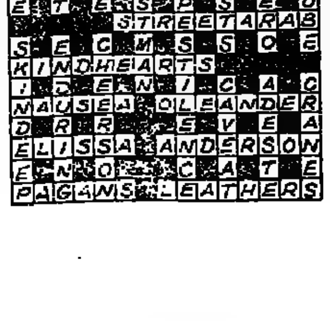
Across

1 Rustics see the birds about one (6)
4 Supports around the upset forecasters (8)
10 And here is the sign at length (9)
11 Spirit follows sex appeal in Wilts (5)
12 Worry sometimes comes before work (4)
13 Coloured girl drives you to the station (5, 5)
15 Muhammad among others is one that faces up to truth (7)
16 A plant that breaks down barriers (6)
19 Is sparing of money among good men (6)
21 London borough gives promotion to the marshal (7)
23 A fresh-run salmon or a wealthy bachelor maybe (1, 4, 5)
25 Register a catalogue (4)
27 In a state the girl gives a cry of surprise (5)
28 "Himself the primrose path of —— treads" (Hamlet) (9)
29 A young girl has to hurry—it's the result of cacography (8)
30 Poet turns to the French film star (6)

Down

1 The bridge for pensioners, the hill for a battle (8)
2 Play when upset throws plans into confusion (5, 4)
3 Informer means to annoy (4)
5 Publishes Communist exploits (7)
6 Retired usher should be proficient (10)
7 Trespass or fault (5)
8 Vessel current in sick-quarters (6)
9 Everyone in a temper should go to bed (6)
14 To preserve Edward this way up is the first course (6, 4)
17 Not the winner, but awarded distinction (9)
18 Obscure thoroughfare suggested by overwhelming margin of victory (2-6)
20 To scrutinise a youngster on the way up is a disgrace (7)
21 Crafty about French here in the island (6)
22 Ideology from Mimosa (6)
24 Also disturbed about the right examinations (5)
26 One of 24 by way of five inside (4)

Solution to Puzzle No. 3,839



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards, 01-240 5258. Reservations 01-836 3161.

THEATRES

HER MAJESTY'S. CC. 01-930 6606. Evgs. 7.30. Mats. Weds. and Sat. 3.00. THE NEW MUSICAL BARMITZVAH BOY

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS SHEILA HANCOCK ANNIE

CINEMAS

PRINCE CHARLES, Leic. Sq. 437 8181. Walerian Borowczyk's THE BEAST. London (X). Sep. Perfs. Dly. (inc. Sun.). 3.10, 5.55, 8.35. Late Show Fri. & Sat. 11.15. Seats Bkble. Lic'd Bar.

STUDIO 1 & 4, Oxford Circus. 437 3300. 1. Jill Clayburgh, Alan Bates in Paul Mazursky's AN UNMARRIED WOMAN (X). Progs 1.05, 3.30, 6.00, 8.35. Late Show Sat. 10.50. 4. Agatha Christie's DEATH ON THE NILE (A). Sep. Perfs. Dly. 2.15, 5.15, 8.15. Late show Sat. 11 15. Seats Bkble.

Opera in Helsinki

by MAX LOPPERT

Anita Välkki and Hannu Malin in 'Betrothal in a Monastery'

Opera in Finland is at an exciting stage of development. There are only two fully professional companies—the Finnish National Opera, which gives opera and ballet in Helsinki (and also in regional centres) from late August to June; and the Savonlinna Opera Festival, which occupies the huge open-air auditorium at Olavinlinna Castle in South-East Finland for the month of July. Yet these two bodies seem to have stimulated a wave of popular enthusiasm for which parallels elsewhere are not easily found. The most notable feature of the Finnish opera renaissance has been the encouragement, and the popular success, of the native opera composers. Few in Finnish history have achieved the national celebrity of Joonas Kokkonen, whose *Last Temptations*, first given at Helsinki in 1975 (and two years later at Savonlinna, from where it was reviewed on this page), recently clocked up its 100th performance; or of Aulis Sallinen, composer of *The Horseman*, another widely acclaimed work, whose second opera, *The Red Line*, had its première last week. *The Red Line* is one of the three new operas to be produced by the National Opera this year alone. Another of them, *Man's Rib*, a comedy by Ilkka Kuusisto, was still drawing an appreciative audience last week, some while after its first performance.

In Helsinki, opera and ballet are played in a tiny jewel-box of a theatre, almost 100 years old, built by the Russians for the entertainment of their garrison during the period of Czarist rule. Cynics might object that 500 or so seats are rather easier to keep regularly filled than 2,000 or more, and that an adventurous repertory policy is accordingly easier to pursue. (The quest for a large and fully equipped opera house, many years long, has now been spurred on by governmental commitment after years of protracted discussion and delay to providing funds: the winning design of an architectural competition held some while ago is to be built on the shore of Töölö Bay, not far from Alvar Aalto's Finlandia Hall.) On the other hand, restrictions of stage and pit space impose a natural limitation on the size and scope of works performed.

But, as the Finnish correspondent of *Opera* reports in this month's issue, "Much of the credit for the astonishing upsurge in the quality of opera in Finland in the last four years must go to the (company's) artistic director, Juhani Raiskinen." He then proceeds to list some of Raiskinen's remarkably imaginative choices since 1974: Shostakovich's *The Nose*, Handel's *Orlando* and Honegger's *Jeanne d'Arc* alongside *The Queen of Spades*, *The Flying Dutchman* (the only Wagner capable of being squeezed into the theatre), *Manon Lescaut*, and *Rigoletto* (sung in the original language, unlike all other operas, and unpopular as a result!). This season's new productions include a *Schicchi/L'Heure espagnole* double bill and *Jenufa*.

My four-day visit to Helsinki had, as its primary focus of interest the new Sallinen opera, of which the public dress rehearsal and the première were given last week; *The Red Line*, on the highest level of operatic achievement in recent years, is a work that demands a report to itself. Also on show were the Kuusisto comedy, *Man's Rib*, the Prokofiev *Betrothal in a Monastery*, and the Kalman operetta, *Die Csardasfurstin*—this last I had to miss. All four performances that I saw displayed a company style of cohesiveness, of economic purpose economically fulfilled, and of expert integration that may well have astonished anyone who had not already experienced Savonlinna, and who was therefor unfamiliar with the Finnish flair for opera. Of course, performance in a small theatre fosters intimacy with an audience, and a special precision in the detail of the acting; these are qualities that will inevitably be sacrificed in the new opera theatre, unless the directorship realises its aim of maintaining the small theatre in operation alongside the large. Even so, the delicacy and subtlety of the playing in both comic operas told of an ensemble of superior quality.

Betrothal in a Monastery, finished in 1940, given in Leningrad six years later, is Prokofiev setting of *The Duenna*. In a 1962 Prokofiev operatic survey, David Lloyd-Jones discerned in the composer's penultimate opera a "certain disconcerting stiffness and episodic structure in the music," but also praised "in the last two acts especially, some scenes of genuine comic lightness and infectiousness." After this first encounter, I am inclined to rate the work higher. The stiffness seems to lie in Mira Mendelssohn's adaptation of Sheridan; the scenes of exposition ramble, the lines of the plot are far from clear-cut.

Yet the libretto is redeemed, and the opera brought to life, by the lyricism of the music, the felicity of invention and orchestration, and the evident delight Prokofiev took in writing his own (as he called it himself) Mozart or Rossini opera. The listener with *Romeo and Juliet* and *Cinderella* in his head must soon be struck by the way their glitter and radiance, their fantasy of chinking sounds, tick-tocking rhythms, and wide-spanning cantilena have been adapted to the ends of a comic opera. I wish Glyndebourne would make Prokofiev its "composer-in-residence" of the next decade: the rewards of his less familiar operas are in no degree less rich than are those of lesser Strauss.

The opera lends itself to a gentle style of performance, both in the orchestra and on stage. Arvid Jansons, the Leningrad conductor well known in this country to Hallé audiences, and the single foreign element in all four performances, drew out the music with a steady, expansive hand—there was none of the hectic, demotic brilliance that is the Prokofiev manner of some of his compatriots. Producer (Jussi Tapola) and designer (Seppo Nurmimaa) had achieved a stage picture prettily coloured, flexible, and simply outlined—as the opera was given in full, ease of mobility was a welcome factor in preventing clogging in the less lively early scenes. Apart from one serious weakness in the cast, a squeaky soprano, restrained exuberance in the playing was aptly complemented by full-bodied singing. The leading men, in particular, were delightful: Kalevi Koskinen, a wry, rubber-faced Don Jerome, and the giant bass Hannu Malin as Mendoza, not exactly Sheridan's "little Isaac the Jew," but a marvellous figure of elephantine chivalry in his courting scenes. As the duenna, Anita Välkki disclosed a voice somewhat reduced in size and quality since her Covent Garden days, but also a personality large, stately, and endearingly good-humoured.

Man's Rib, conducted by Kuusisto himself, is separated from Prokofiev by several levels of talent, intention, and ambition. The play on which it is closely based is a famous comedy of the same name by Maria Jotuni (1880-1943), a leading Finnish playwright and novelist; as neither the original nor Sakari Puurunen's libretto has been translated, the non-Finnish-speaker had only the events in the score and the impact of voices and faces on stage by which to measure the success of Kuusisto. The subject matter is domestic comedy—a central couple who tiffs and then makes up, love-lorn spinsters in pursuit of an irresponsible, carefree handyman and so on. The music in which it is clothed runs along with the note-spinning fluency of a Hollywood soundtrack of the 30s or 40s, except for the language and the period setting, it might almost be a Clifton Webb comedy vehicle one was watching.

And yet the score rises to greater deftness and dramatic assertiveness than that alone might suggest: in provision of quick ensemble music, and in his slipping in and out of popular musical styles and rhythms, the composer shows his skill. *Man's Rib* is an achievement in which the National Opera can take pride—comedies lying somewhere between operetta, musical comedy, and opera, that are at once as popular and as successful as this, don't grow on trees. Not exactly common, either, was the polished comic acting of the entire cast of nine: detailed, poised, and witty down to the smallest gesture.

Theatre awards for 1978

The Society of West End Theatre Awards, now in their third year and probably the most sought after theatrical awards in the country, took place in London on Sunday night. There were few surprises among the 1978 winners.

Evita was the musical of the year and *Whose Life is it Anyway?* the play of the year. The comedy award went to *Filumena*. The top individual performances were Alan Howard for *Coriolanus* for actor of the year in a revival and Tom Conti for *Whose Life*... as actor in a new play. Best supporting actor was Robert Eddison in *Twelfth Night*. Among the actresses, Dorothy Tutin for *The Double Dealer* won the revival award, and Joan Plowright in *Filumena* was the new play winner. Best supporting actress was Elizabeth Spriggs for *Love Letters on Blue Paper*. Elaine Paige was the performer of the year in a musical for her work in *Evita*.

Director of the year was Terry Hands for *Henry VI*; designer Ralph Koltai for *Brand*; comedy performance of the year Ian McKellen for *The Alchemist*; outstanding opera achievement was the English National Opera for its enterprising repertoire; opera production was *Lohengrin* at Covent Garden; ballet production was *A Month in the Country*; and ballet achievement went to director Robert Cohan.

Festival Hall

Webern festival

by DOMINIC GILL

Who but the London Sinfonietta would have the imagination and enterprise to mount a Webern festival? The description is apter than the official title, a "Schubert/Webern series," since the seven concerts on the South Bank between now and January 17 make up the most comprehensive survey of Webern's music ever presented anywhere—a total of 59 pieces or sets of pieces, many of them unpublished, some of them even world premieres: an exceptional collection, more fascinating still when one remembers that apart from a tiny official opus numbered from 1-31, the sum of all of Webern's published works is only 51.

The seven programmes have been devised, and are all conducted, by David Atherton, who has also consulted in their preparation with the Webern scholar Hans Moldenhauer. Schubert appears by way of contrast and counterbalance—although, as Atherton points out, the pairing is apt: not merely for the obvious Viennese connection, but also for Webern's special love of Schubert (transcriptions of Schubert make up the greater part by far of Webern's quite substantial body of arrangements and orchestrations).

Five years ago, to accompany their Schoenberg series, the Sinfonietta provided a programme-book of notes and essays that has ever since proved an invaluable source of reference. For their Webern festival, they have gone one better and produced for us a whole book: the larger programme (and very large it is) includes a special edition, complete, of Dr. Moldenhauer's new 800-page biographical study of Webern, and costs £10 (the publisher's hard-cover edition, just out, costs £20). Hurry: the Sinfonietta edition is limited to 500 copies.

Although the programmes are not arranged in chronological sequence, the first concert, given on Sunday afternoon by the BBC Symphony Orchestra under Atherton, was devoted to early works only, composed before 1913. We heard the first performance of one pre-Schoenberg essay, *Siegfrieds Schwert*, a four-minute "Ballade for tenor and orchestra," a jolly student *jeu d'esprit* of no great significance except for its vivacious Wagnerian spirit; and the world première, too, of *Three Orchestral Studies on a Ground*, a trio of tiny orchestral sketches made in 1908 as preparatory technical studies for the *Passacaglia* op.1.

The *Passacaglia* itself had served to introduce the afternoon, in a performance firmly and cleanly shaped, directed by Atherton with unusual ease and lyrical assurance — how can it still be that so few orchestras these days seize the opportunity to begin their concerts with such a splendid overture? Another pre-op. 1 essay, *Im Sommerwind*, might just as easily find favour with the concert public: an indulgent, fine-grained synthesis of Wagner and Strauss, with a cockily Straussian principal theme, but tuned with a highly individual accent, in no sense a pastiche.

Five of the 11 orchestral miniatures which Webern composed between 1911-13 became the *Five Pieces* op. 10; one more, with voice, "O sanftes Glühn der Berge," became the third of the posthumously published *Three Orchestral Songs*—a lovely and rarely performed group, to be included in the Sinfonietta's programme of December 20; and the remaining five, published together as a group of *Orchestra Pieces*, were unheard in public until 1969. All except the third, a violent *Sehr bewegte* swirl less than a minute long, instantly summon up the familiar sound-world of op. 10—brief fragments of marvellous delicacy and concentration: will they stay forever neglected?

By including in this first programme only the *Six Pieces for Large Orchestra* op. 6—the original version of the later distillation that we know today of the *Six Pieces* op. 6—Atherton refused a golden opportunity to compare both versions (each lasting only nine minutes) side by side. A pity: it would have been good to hear both, if only to confirm the suspicion that nothing was lost, and much gained, by the subsequent refinement of instrumentation—the composer himself considered the later version to be "the only valid one."

The Schubert, like *Siegfrieds Schwert*, was a piece of jolly juvenilia—the only surviving act of a three-act *Singspiele* composed at the age of 18 (by which time Schubert had already written five operas), a happy curiosity given with evident pleasure by the players, and delivered with enthusiasm by a good solo cast of Marshall, Lott, Tear, Burrows, King and Tomlinson.

The Walker Art Gallery, Liverpool

The 11th John Moores

by WILLIAM PACKER

The John Moores Prize Exhibition, from its very start, all of 21 years ago, was seen to be a splendid piece of private patronage, as generous as it was imaginative and adventurous. Quite suddenly Mr Moores gave artists right across the broad, embattled front of English modernism, to whom the Academy was anathema and public indifference the great practical enemy, the chance to measure up to each other seriously in public, and to compete for very healthy lumps of cash. Unsurprisingly the best of our artists voted their thanks with their actual work; and, every two years or so, in general they have continued to do so, modestly disclaiming any real hope of the jackpot but rather, in the true Olympic spirit, as the carrier's lorry hauls its precious cargo off to Liverpool, only too anxious to take part. It is hardly necessary to add that the rumours in advance of the announcement, and the recriminations after, do cause a certain amount of pain to those most closely involved, and a great deal of innocent pleasure besides to those of us content merely to stand by and watch. £12,000 after all, even of our debased variety, with half of them to go down in one big gulp, are quite enough to bring out the human side of human nature.

The John Moores really does have much to be said for it, lively, controversial, above all, useful, altogether a Good Thing: and it might well sound ungrateful to carp at it. Wasted opportunities are always saddening, and the disquieting fact is that the last few of these exhibitions, worthy though they undoubtedly were, and in spite of much good will, have all been disappointing.

Our expectations are set, of course, by the nature of the prize-giving itself, with its assumptions of precedence, one, two and three. Inevitably a great deal of kudos will attach to any work, and any artist, honoured so generously in such conspicuous isolation. The winning surely can have been no fluke: the prize must mean something. And the thought grows that we might now have reached the point at which so important, so significant an honour must be doubly justified, cannot be allowed to fall merely on the chance of the merits of the work submitted. We know most of the artists in the ring, and, indeed disquietingly, the prize-list nowadays has a certain predictability to it, as though sooner or later everyone who is anyone will see his name go up in the frame. There is no question whatever of a fix: but it does seem reasonable to suppose, on recent form, that long and distinguished service figures in the collective mind of the judges quite as much as particular achievement.

And all of this might well go a long way towards explaining what has become so characteristic of these exhibitions, the curious fact that so often the most distinguished names are represented by undistinguished work, the artists apparently happy to submit their second-best knowing that the argument will rest finally on reputation. Time and again the major honours have somehow evaded the best of the work on the walls, and this year the pattern is confirmed. For once the outright winner, Noel Forster, is fairly uncontroversial a choice, for the competition is not strong and there are no obvious rivals, his large oval patch-work field of loosely over-laid grids exerting its dry obsessive authority. The runners-up, however, are much more questionable. William Turnbull's academic minimalism as unconvincing as Robyn Denny's hard-edged formal variations. To put their paintings in the show is one thing, to celebrate them quite another, a sad discouragement to all the other artists here, and most confusing to the public.

The ten minor prize-winners, with £100 apiece, are more lively a bunch, with several of them very unlucky not to get rather more for their pains. Brendan Neiland's sheer sky-scraper wall, *a forest of reflected perspectives*, is as good a piece of work as we have seen from him for some years; Michael Brick's elegantly obscure hints at landscapes are very promising indeed; Karl Weschke at last has some notice taken of his fierce expressionism; Allen Jones continues, the very figure of style and wit.

And Martin Naylor pushes himself further and further towards pure painting, teasing himself more than any poor cat in an adage, and producing in the process the most beautiful painted object in the competition, which he consciously invests with a wealth of private meaning and allusion. "Between Discipline and Desire" makes him perhaps the unluckiest of them all.

Back among the field there too are some excellent things, from Alan Dyer and Paul Hempton, for example, and Jeffrey Camp, Hugh O'Donnell, Mikey Cuddihy, Howard Hodgkin, Mark Ainsworth and Stephen Buckley. But the generality of it is sadly and typically dull, a mixture of competent academic abstraction and figuration that lacks even the merits of competent academicism. It is as though an important confidence in judgment has gone, the jury finding itself at a loss it does not feel with abstraction, or with the more recondite and applied figuration of such as Jones, Craig-Martin, or Caulfield. Certainly the Tindles, Freuds, Eytons and Weights are conspicuous by their absence, though perhaps they no longer bother to send in. The jury's applause for the vulgar flashiness of Ken Howard, on the one hand, and the presence on the other of a magnificent nude by Euan Uglow, which should be in the national collection, and is shown here, with the work of other previous winners, *hors concours* make the point unwittingly, but with *admirable force*.

We cannot afford to be without patrons of Mr. Moores' calibre, whose generous and lasting support for the visual arts is a model of enlightened patronage; nor, more particularly, can we do without his exhibition. That it should have become an institution is a measure both of his percipience and its continuing importance. Criticism perhaps is all too easy, but it too is a mark of serious, if oblique approval. Here then are one or two suggestions. The composition of the jury is known to affect the nature of the submission, and yet the jurors need not be named, perhaps not even appointed, until after the submission is closed. Small though it is, with 86 items this time, the show could well be half the size with no loss of quality, its prestige enhanced by the concentration. And, finally, though I would much rather the prizes go on the merits of the work actually shown, if reputation is to be given into account, I do believe we should be told as much.

The exhibition remains at the Walker Art Gallery until February 25.

'Juliet and Pam?' by Andrew Mansfield Ratcliffe

Covent Garden

Kiri Te Kanawa by MAX LOPPERT

A stream of beautiful sound is not the sole guarantee of a rewarding song recital; in certain cases, it has even been heard to prevent such a recital from taking place. On Sunday evening, it formed a basis for the song recital by the New Zealand soprano (in aid of the British Kidney Patient Association) that was at once healthy and endlessly gratifying. The assertion that Miss Te Kanawa possesses just about the most beautiful soprano voice of our day—for me, she divides Paris's apple with Jessye Norman—will come as no surprise. What may be less widely appreciated is that she is already a recitalist of some accomplishment; while ultimate degrees of insight may be lacking for some of the songs she chose, her attentive musicianship made an impression almost as winning as her fair face and form.

Miss Te Kanawa had chosen an excellent programme: Schubert, Schumann, and Strauss before the interval, Wolf, Fauré, Duparc and Walton thereafter. The rich, gentle radiance of her timbre, that does wonderful things with single notes and that threads them together into long lines of sensuous, seamless beauty, bestowed upon Schubert in particular a rare sense of beneficence: rare the Schubert song in which all the notes are well sounded, rarer the performance that turns the beauty of tone into eloquent expression. How often, indeed, does one hear the final rising phrases of "Du bist die Ruh" taken in one breath? or, if one has heard them so, how often does one feel that vocal art, poetic sentiments, and musical invention have been made entirely one thereby?

This was perfection—no other word will do. If the opening "Nacht und Träume" and "Gretchen am Spinnrade" had been a little less good, that could be ascribed to a verbal muddle in the former, and, in the latter, the feeling that the German utterances, though well studied, sometimes lacked absolute forwardness and firmness. Miss Te Kanawa, one senses, is not an interpreter of the songs she sings, at her best, she becomes them. Gretchen's plight may have been more vividly played out for us by other, more sophisticated Lieder singers; it was a true and piercingly pathetic vision of the character herself that this performance gave. The same process of identification was heard to apply in Schumann's "Soldatenbraut": no Schwarzkopfian dimpled pouter, she, but an unaffected and easily smiling creature.

This is not to suggest that Miss Te Kanawa was thus transformed in all the songs she sang. Though in Strauss her high voice takes on the glow of moonlight, there were some relative failures of communication in a group of five songs: the words of "Wiegenlied" seemed not full mastered, the images of "Ruhe, meine Seele" incompletely bound into a whole performance. Two early-to-middle-period Fauré *mélodies* the French language clear if not elegant in its delivery, suited the soprano rather better than the romantic mysteries of Duparc. Here, though, the problem lay as much in the refusal of the pianist, Richard Amner, to stretch or challenge the voice—sympathetic, and always alert to the singer's phrase-lengths, he too often allowed the body of piano tone to go slack and servile, with mousy delineation of the bass line. The piano part of "L'Invitation au voyage" is infinitely more than mere "accompaniment." Walton's Three Edith Sitwell Songs closed the programme, bringing into full play the sunny sense of comedy suggested earlier.

Kiri Te Kanawa

St. John's, Smith Square

Anthony Payne

Anthony's Payne's new String Quartet, a BBC commission, was performed at yesterday's Lunchtime Concert by the Chilingirian Quartet. It is a mosaic of many short sections, playing continuously for some 25 minutes, but the impression it makes is not sectional at all. Its broad span is constructed from three contrasted species of material—firm and expository, quietly lyrical and sharply stressful; they are not sealed off from each other, for clear anticipations and echoes of all three overlap from page to page. Though the concluding passage is deliberately indecisive — the composer's intention is to suggest that the music, having come full circle could begin all over again — the overall dramatic plan stands out in high relief.

This first performance by the Chilingirian team was most persuasive with the developing musical argument, which they sustained powerfully, at some slight cost to the expected high contrasts. For long periods the texture seemed to unroll uniformally, though the music was never becalmed. A few gestures run through nearly all of it, notably a long-drawn double stop brusquely struck off. The string writing sounds pungent and idiomatic, both for the ensemble and for the individual players. Payne must have been gratified by the Chilingirian's committed account of his Quartet; in further performances, the outline of the woods beyond the trees may be more boldly incised.

The other work in the programme, Mozart's A major Quartet K 464, was comparably long on lyrical workings-out, short on large contrasts, though of course the whole Quartet proceeds with thoughtful serenity. The main subject of the Menuetto was piquantly phrased, and the limpid depths of the Andante variation-movement were explored with great delicacy. By the Finale, concentration was failing a little—a number of small slips blunted its edge, though it retained a warm, consistent glow. No doubt the responsibility of the Payne première, so admirably shouldered, left the players wishing for a longer respite than the format of the concert permitted.

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The TUC and the City

THE EMPHASIS of the second stage of the Wilson Committee's enquiry into the workings of the financial institutions is on supervision and regulation. So it is no surprise to find that "public accountability" is the main theme running through the latest written evidence from the TUC. "Accountability" is the catchword of the moment. Wherever institutions wield financial influence behind closed doors, the argument goes, they must be made "accountable" for they are quite possibly responsible for Britain's industrial decline.

We support "accountability" if it means "visibility" but are much more suspicious of it when it comes to mean "playing a part in the industrial strategy." The important thing is that an institution—whether it be a pension fund, the Bank of England, or a trade union—should do what it does with as much disclosure as possible. This will automatically make it more accountable. But to make it subject to some new bureaucratic committee makes an institution accountable only in a very narrow sense of the word.

Consider the pension and insurance funds. Their growing power has become one of the main preoccupations of the Wilson committee. Despite the fact that far too little is revealed about the way these vast funds invest, the TUC does not call for greater disclosure. Instead its main demand is that these funds be harnessed more closely to the industrial strategy. It proposes that they contribute to a fund which would be under the control of a Steering Committee on Finance and Investment. This Committee would have a tripartite membership drawn from Government, management, and the trade unions.

Greater influence

The TUC also turns its attention to the Bank of England. Interestingly it does not want "to integrate the bank more into the Government machine," recognising that its quasi-autonomous ways give it greater influence in the City. The TUC argues, with some justice, that "there is an unnecessary mystique surrounding the Bank of England which is not helpful to public confidence and accountability." But the suggested cure is, inevitably, that there should be more trade union officials on the bank's court or board. In this way the Bank will make its "proper" contribution to the industrial strategy. Whether the public would learn more about the bank's activities is open to doubt.

The thrust of the TUC's evidence is only thinly disguised. It is aimed at increasing Trade Union and Government influence over the financial institutions rather than at making them more available for scrutiny by the informed public. Playing down the City's contribution to the balance of payments the TUC comes out against a relaxation of exchange controls and suggests that the Government should establish a Foreign Investment Review Agency. This will monitor plans by British industry—and by multi-nationals in particular—to invest abroad. Again this agency will have its trade union representatives.

Statutory powers

Finally, the TUC feels that the City's new "watchdog," the Council for the Securities Industry, should have statutory powers and that its membership should be chosen by the Government to include industrialists, consumers—and trade unionists.

In the case of many of the City's institutions—and this applies to the Council for the Securities Industry as well—there is undoubtedly a feeling of a private club whose workings are none of the public's business. The best result of the Wilson Committee's efforts is that a lot of people have learnt a great deal about how these financial institutions work. As the TUC recognises, this exposure has done good already: it has acted as a catalyst for change and has spurred banks and investing institutions and the Government into taking actions which would not otherwise have been taken.

More openness and more public scrutiny are the surest road towards more accountability. It is this brand of accountability which the Committee should continue to push for in its continuing research and final report. It should not seek to replace the secrets of the private business club with the opacity of economic dirigism.

New policies in Venezuela

THERE WERE general elections on Sunday in Venezuela. The first results indicate that the opposition candidate, Sr. Luis Herrera Campins, a Christian Democrat, has captured the Presidency from Sr. Luis Piñerúa Ordaz, the standard-bearer of the ruling party, Acción Democrática, a mildly social democratic grouping.

There is a sense in which the first piece of news is more important than the second. After a century and a half of independent existence when good government, not to mention democracy, was at a discount Venezuela seems to have taken the ballot box to its heart. The country has enjoyed two decades of a parliamentary régime during which the two main parties have alternated in power. From being the most chaotically governed country in Latin America Venezuela has become one of the best governed and its electoral practice has become a model for all its neighbours on the South American continent.

Maturity

The campaigning procedure of the two main parties was hard fought and fuelled with large quantites of money but at the same time the smaller parties of the left and the right were given full opportunity to state their case on the media. All Venezuelans over 18 were invited to vote freely and secretly and indeed threatened with stiff fines and civil disabilities if they did not. The identity of the winner is of secondary importance to the fact that in a turbulent and generally badly governed region Venezuela has shown remarkable political maturity and sophistication.

If Sr. Herrera is confirmed as President he will tackle Venezuela's problems in much the same way as his rival Sr. Piñerúa would have done. Neither of the two men has the flamboyance of Sr. Carlos Andrés Pérez, the present head of state, and both are committed to trying to solve Venezuela's domestic troubles before they take up once again the ambitious foreign affairs initiatives started by him.

The thrust of government in the next five years will be less on starting big new development plans and rather on completing successfully those that have already been started. Venezuelans have realised that their development depends on more factors than the simple mass of money that has flowed into the country since the oil price rises of 1973 and that the vast industrial enterprises which they have undertaken demand more in terms of cash and management skills than they had previously thought.

The new government, facing as it does a balance of trade deficit, will become more financially prudent than President Pérez has been and will doubtless put even more emphasis than he has done on the need to train Venezuelans to the peak of competence so that they are able to manage the most complicated technological jobs. Venezuelans are managing with a great deal of success the oil industry that President Pérez nationalised three years ago and their management potential is therefore proven. Turning that potential into skills in other fields than that of the oil industry will demand time and patience.

Foreign aid

It would be a pity, however, if the new president were to throw over all Sr. Pérez's foreign policies too quickly in favour of domestic issues, however pressing. The Pérez administration has used the country's financial leverage to good effect. It has made Venezuela into a big provider of foreign aid, it has assumed a leading role in the Third World and in men such as Sr. Manuel Pérez Guerrero has provided experienced negotiators in the North-South dialogue. In the Western Hemisphere it has behaved forcefully and wisely whether this meant supporting Bolivia's desires for access to the Pacific Ocean, or moving against the excesses committed by the Government of Nicaragua, or giving practical assistance to the struggling new countries of the Commonwealth Caribbean. Much of what President Pérez leaves must be retained and built upon.

The Flick concern: how to spend £500m

By ADRIAN DICKS in Bonn

LIKE OTHER extremely rich men, Herr Friedrich Karl Flick has only to appear in public to cause a minor sensation. There is the flurry of police cars and bodyguards, though these are normal nowadays even for lesser West German industrialists. There is the bustle of attentive aides, opening doors, carrying briefcases, checking microphones and pouring mineral water.

When Herr Flick called a press conference at a Duesseldorf hotel the other day, there was more than the usually expectant buzz of interest. He had come to report in person on what he has been doing over the past three years with the tidy sum of DM 1.9bn (£508m), the proceeds of his group's sale of 29 per cent of the shares of Daimler-Benz, flagship of the German motor industry, to Deutsche Bank in January, 1975.

In previous years, Herr Flick has usually left it to his school-friend and right-hand man, Herr Eberhard von Brauchitsch, to discuss with journalists the group's annual financial results. Herr Flick himself is a shy man. Though he courteously greeted everyone present this year, it seemed to many that he found it something of an ordeal to answer questions for nearly two hours about his affairs.

Yet when he slipped away after an early dinner with his guests, Herr Flick had not only sketched out for the first time his own plans for the future of one of Europe's biggest surviving privately-held industrial groups. He had also perhaps finally established himself in the public eye as master of the house, nearly six and a half years after the death of his father, Herr Friedrich Flick, the founder of the concern and a legend in his lifetime.

It has not proved easy for the successor fully to come into his inheritance. Friedrich Flick, who rebuilt the huge business empire after World War I and rebuilt it after World War II at the age of 70 and kept close control almost to his death at 89, would have been a difficult father to succeed in any circumstances. He had been involved in litigation against his elder son, Otto Ernst, whose abilities he doubted. Otto Ernst died in 1974. Tension between Otto Ernst's three children and their uncle, Friedrich Karl, continued for several years more until, in January, 1975, they accepted a cash settlement of over DM1bn in exchange for giving up their shares.

It was widely believed at the time that Herr Flick's sale of three-quarters of his 39 per cent stake in Daimler-Benz was the direct result of this family peace treaty and of his need for cash to buy out the three young Flicks.

He emphatically denies today that the two transactions were directly connected. As he explains it, the beginning of 1975 was an opportunity to make a fresh start on a series of structural problems that had become pressing, and to deal with the complications of the past. He had already decided that he could do better with his money than to leave it tied up in Daimler-Benz. So, after inconclusive contacts with the Shah of Iran, he sold out to Deutsche Bank.

The problems that faced the Flick group were broadly comparable with those that have troubled other big German industrial companies in the 1970s. Herr Flick lists the sharply steeper rise of labour costs than of productivity, the increase of tax and social insurance rates, the upward movement of the Deutsche Mark, the saturation of many traditional markets, and the increasing handicap for West German companies in competing in markets for what he calls "products containing little know-how."

These difficulties affected most of the Flick group's major interests. On the foundries, steel and allied side, the group owned a series of small operations, now consolidated into the 96 per cent-owned Buderus, which suffered from fragmentation and uneconomic operational size. Buderus Edelstahlwerke, producing stainless and special steels, for example, was too small to compete with the large investment in this field of the major integrated steel companies.

Krauss-Maffei, the builder of tanks, locomotives and specialised plastics injection moulding machinery, was suffering the familiar feast-or-famine pattern of defence contractors. Dynamit-Nobel, with little prospect of long-term significant growth from its traditional explosives sector, needed large investments in chemical plant and secure sources of feedstocks.

Rising labour costs

Feldmuehle, the European Community's largest paper and board manufacturer, suffered from obsolete capacity that was too heavily geared towards specific product lines while lacking flexibility. Maxhuette, the Flick group's remaining steel producer, was too small to stand up to the combined pressures of rising labour costs and of price competition both from the major West German groups and the north Italian independents.

Beyond these specific problems, Herr Flick, Herr von Brauchitsch and their fellow directors felt that for a group with sales of over Dm7.3bn (in 1977), Flick was too heavily dependent on West Germany alone. As the chairman, Herr Flick, himself put it, "I felt that the lack of international exposure . . . would greatly impede the future of my company. The Flick group would have been threatened by stagnation and in the long run by contraction without a basic change in policy and an opening up towards an internationalisation of its activities."

Eberhard von Brauchitsch

Friedrich Karl Flick

This was not all. In order to benefit to the full from West German tax legislation, and specifically from provisions of the income-tax and Foreign Investment Act offering exemption from capital gains tax, the proceeds of the sale of the Daimler-Benz shares had to be reinvested before the end of 1978.

Would Herr Flick have to pay this capital gains tax on some, if not all of the enormous rise in the value of the shares since his father, on a memorable day in 1955, had quietly announced at the motor company's annual meeting that he controlled nearly 40 per cent? To commentators, some of whom almost gleefully predicted that so huge a sum could never be placed in time to qualify for preferential tax treatment, Herr Flick has had the last laugh. Of about DM 1.9bn, some DM 1.23bn has been granted favourable tax status. Investments worth a further DM 445m have been announced and will almost certainly qualify once remaining bureaucratic hurdles have been passed.

From the beginning, Herr Flick and his advisers have insisted that they were not looking for investments merely to beat the tax collector, and indeed they will not entirely succeed in doing so. Herr Flick may also have been anxious to defuse some of the exasperation that has built up among the Left when he assured the Press conference: "For those of your readers who take a more emotional approach to this subject, let me point out that a certain amount will be paid in taxes. . . . I cannot and would not like to tell you the full amount, but it is certain to be in the order of a high million Deutsche Mark figure." Most close observers of the group's affairs assume that the eventual tax bill, after complex negotiations still in progress, will run well above DM 100m.

Not only will Herr Flick be paying tax. He also argues that the large sums invested in his West German companies will prevent closures that might otherwise have been inevitable and will generate at least 1,000 new jobs. To those who have woundingly speculated that he might, for tax reasons, shift his domicile abroad, he replied firmly that "I continue to look upon the Federal Republic as my home and that of my company."

Along the way, there have been some exciting sideshows, notably several months of heated argument with Herr Hans Gerling, who attempted to fight off Herr Flick's purchase of a majority in the holding company, VHDI, which in turn took a controlling share in the Gerling insurance group after collapse of the Herstatt Bank, which was part of the Gerling empire. Herr von Brauchitsch won that battle for Herr Flick, though an agreement with Herr Gerling a month ago gave the insurance magnate a continuing executive role in the group for several years to come.

The Gerling acquisition was Flick's most important within West Germany, taking the group for the first time into the growth area of services. Each of the major industrial subsidiaries has been substantially strengthened, and investments made or set in motion that will eventually cost DM 900m more than the DM 460m in new equity capital already injected. At the same time uneconomic activities have been pared away, most spectacularly with the sale to the Kloeckner group of Maxhuette for some DM 267m, which will be completed on January 1.

No aspect of Herr Flick's spending spree has excited more interest than his two big acquisitions in the U.S. Nearly two years ago he acquired 12 per cent of W. R. Grace, the chemicals group now diversified into a wide range of activities. This stake has been built up to 31 per cent, for a total outlay put by Herr Flick at DM800m. The idea for this seems to have grown out of his long-standing friendship with Mr. Peter Grace. An overlap with some of Herr Flick's German interests has led to a brisk two-way traffic in research scientists and in know-how.

In early June, Herr Flick made a second major acquisition in the form of 34.5 per cent of U.S. Filters, an energy service, pollution control, and water treatment specialist which fits perfectly in with Herr Flick's view that industries geared to cleaning up the environment are a good long-term growth proposition. Here, too, there is a good deal of common ground with the group's German interests. There is also a potential problem with the U.S. anti-trust authorities, for Grace and U.S. Filters are competitors in fluid cracking catalysts. This has led Flick to place its U.S. Filters shares in trust until the matter is resolved.

There will be those, undoubtedly, who will reproach Herr Flick for not showing more sense of adventure. He has still not cared to go into such fields as electronics, preferring as one Flick director put it, "to stick with things we know about." A slightly bolder gesture has been made with the strengthening by some DM25m of the roject Engineering Company for Chemical Processes (PCV), which is to carry out intensive research into coal technology, chemical engineering, and pollution control.

No doubt Herr Flick feels this is more than enough to be going on with, though both he and Herr von Brauchitsch clearly have plenty of energy left for fresh departures in a few years' time. But what of the future of West Germany's largest remaining private industrial fortune? Whether Herr Flick's two small daughters will one day take over or not, the group was transformed just over a year ago into a new corporate form, the somewhat old-fashioned Kommanditgesellschaft auf Aktien, a partnership between individual shareholders and several general partners of unlimited liability and with full executive responsibility. At the time, Herr von Brauchitsch did not discourage the view that this might ease introduction of a Flick public share issue—"but not for ten or 20 years."

MEN AND MATTERS

Switching cargoes in mid-stream

"I keep to the middle of the road in a steady current," is how Ken Fraser describes his canoeing, an activity he pursues in the placid waters of the Thames near Kingston. But he thought I might suggest that he risked a "touch of white water ahead" now that he is to become industrial director of the National Economic Development Office.

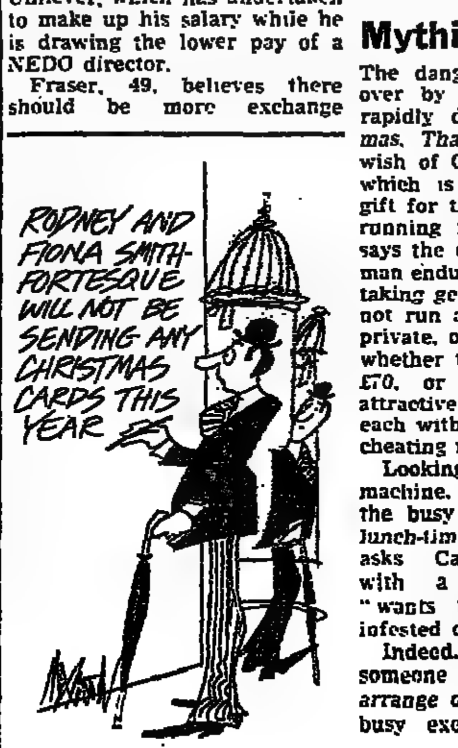
At present head of marketing with Unilever, he will be the first man to bring this kind of experience to the post. Not surprisingly, he thinks that management should take marketing more seriously and unions be better informer of its importance.

After two years' secondment to NEDO he is to return to Unilever, which has undertaken to make up his salary while he is drawing the lower pay of a NEDO director.

Fraser, 49, believes there should be more exchange between Quangos and industry: "The U.S. is much better at that than we are."

A "broadening" experience is how he describes his temporary transfer and says he has done a lot of "interfacing" with governments, both for Unilever and while chairing the marketing commission of the International Chamber of Commerce, and the Confederation of British Industry's Marketing and Consumer Affairs Committee. He believes the importance of marketing is beginning to be appreciated by industry—pointing to the way the CBI for the first time this year debated the matter.

"I hope I will be useful in selling GB Ltd," he says. As for the possible "white water," this did not seem to worry him: "I have capsized but always bobbed up again."



Mythical miles

The danger of being knocked over by a portly jogger will rapidly diminish after Christmas. That at least is the devout wish of Campari International, which is marketing the ideal gift for the discreet glutton—a running machine. No longer, says the company, need the fat man endure the giggles of those taking genter exercise. He can not run as far as the likes, in private, on his fun-run fachine, whether the mechanical one at £70, or the "slightly more attractive" electronic model, each with a "pacer" and a no-cheating mechanism.

Looking like a weighing machine, it can be installed in the busy executive's office for lunch-time work-outs. "Who," asks Campari International with a rhetorical flourish, "wants to run round smog-infested city streets?"

Indeed. It only remains for someone entreprising to arrange office holidays for this busy executive of whom we hear so much — perhaps with a film show of the beach he was too busy to visit, the pre-recorded sound of the surf soothing his gangled nerves, and a warm Mediterranean breeze produced by a simple adaptation of the air-conditioning system.

Times future

"Have you ever wished you were better informed," read the Times posters. A plaintive message to the would-be readers of the paper, but one that John Barton, deputy manager of the marketing division of the Times group, tells me will be kept for the time being. "A little precipitous," is how he thought cancelling the poster bookings would be, but he did say that the Times was not booking new space.

This, or so Barton says, is for no less than 15 factors, of which "not least is the need for research on the effectiveness of the campaign."

Barton is proud of the awards the Times won for its advertisements on London Broadcasting Company. I had not heard them but when I asked what jingle had been used, Barton was shocked: "What! A jingle on the Times! Good God!" He would not be drawn on how much the advertising budget had been though Media Expenditure Aanalysis record that the Times's expenditure on TV, press and magazine advertisements in the year to September 30, 1978 had been £99,700—one-quarter of what the Sunday Times spent, but far less than the £611,300 spent by the Daily Mail and £1.36m spent by the Sun.

With the Times due to return "possibly within the next month, weeks, or days" advertising, Barton says, must continue. As for its not booking new space in publications this, he claims, is in part a seasonal factor. "It's is in part a seasonal factor. "It time and more effective to concentrate on other periods."

Joining the club

It is not just tourists who converge on London from every corner of the globe—the banks too have a cosmopolitan air about the mthese days. First came the big American banks, then, in the late 'Sixties, the smaller U.S. banks hunting Euro-dollars. Then Koreans, Iranians, Saudis, Pakistanis, and yesterday the first Lebanese bank, the Jammal Trust, opened a branch in Hanover Street.

The chairman, Ali Jammal, hardly needed to explain his motive for grabbing a niche in a financial centre where all but seven of the world's 100 largest banks have some kind of presence: "We have to go where the business iss," he says simply.

It is ironic that until 1975, when urbane, sophisticated Beirut was still the centre of Middle East banking, such excursions would hardly have been necessary. Although Jammal assures me things have improved since then—despite the continuing bloodshed—many Lebanese businesses and bankers have been carving out new areas of activity in safer climes. Jammal claims to be the first Lebanese banker to gain permission to establish branches abroad. In January a Cairo branch opens, and he tells me he is considering opening shop in Paris too.

Keeping faith

A colleague's schoolboy son trying to buy conversion tables in a Charing Cross Road bookshop was directed to the religionshelf—as, in a Hampstead library, was a friend looking for Sir Hugh Cudlipp's autobiography, Walking on the Water.

Observer

THE TREND TOWARDS DIESEL TRUCKS

BY JOHN WYLES AND KENNETH GOODING

The new European attack on the U.S.

TOM RINGSTAFF of Dunbar, West Virginia, has just bought a European truck, and after driving it for 5,000 miles in two weeks, he thinks the low fuel consumption is "really great." Ing Willis of Jacksonville, Florida, bought one in the middle of September and was so pleased with its performance, delivering hard core to repair the city's streets, that he has ordered three more.

It is the reactions of customers such as these which will determine the success or failure of the new European assault on the U.S. truck market. It is a huge market—more than 3m vehicles a year—and one that up to now has attracted little interest from foreign suppliers except at the lighter end, where Japanese pick-ups are very popular. The big European truck makers have no doubts about their technical ability to compete in the U.S. They are now taking steps to carve out a share of the business.

There is, moreover, a special opportunity presented by the trend towards diesel-powered trucks in the medium-duty segment of the market. These are what the Americans call Class 6 trucks, weighing between 19,501 and 26,000 lbs (9 tons to 11.8 tons). Last year only 8 per cent of the trucks sold in this category were diesel-powered—11,000 out of a total of some 138,000 units—but the growth of diesel trucks, with their superior fuel economy, is expected to be rapid.

The Europeans believe that they have the products and the know-how to capture part of this growth, as well as making inroads at the heavy end of the market (Classes 7 and 8) which is already largely dieselised.

The market can be attacked either by shipping built-up trucks from Europe or by having European-designed trucks manufactured, wholly or in part, in the U.S. Three European groups will definitely be sending built-up trucks across the Atlantic. They are Iveco, the joint concern 80 per cent owned (and managed) by Fiat of Italy and 20 per cent by Kloeckner-Humboldt-Deutz of Germany; Renault Industrial Vehicles, the commercial vehicle arm of the State-owned French group which brings together Saviem and Berliet; and Volvo of Sweden.

Renault hopes shortly to complete a deal with Mack of the U.S. so that Class 6 trucks built in France can be on the American market through Mack outlets next August. The trucks will carry the "Mack" badge.

Renault is nothing if not ambitious. Its target is to sell 1,000 trucks in the U.S. in the first year, and increase that total to 5,000 by 1980.

But it admits it might have to wait awhile for profits to materialise. "Nobody can enter a new club without paying his fair share," says Georges Cagnard, the RIV director responsible for seeing the Mack deal through. "In a new market—wherever it is—you have initial investment to cover before the profits come."

This is an arrangement which links a powerful European group with an established American heavy truck specialist—Mack is a subsidiary of Signal Companies, a large conglomerate. It has obvious attractions for Mack — which first tried to get a similar agreement with Iveco. The American company is saved the expense of developing its own medium diesel trucks and also helps its dealers to get quickly *into a buoyant sector of the market*. Mack insists that its dealers do not sell any other company's trucks and the RIV range will give them a new source of profit.

Volvo is following a similar strategy, although this company is shipping heavy trucks—not medium-weight ones. Volvo of America has been selling trucks in the U.S. for three years and about 1,000 are on the road in the North East States. It has now completed an arrangement with the Freightliner Corporation, a subsidiary of Consolidated Freightways, to cover marketing in the U.S. and Canada.

The deal was made possible because Freightliner broke off its arrangement with a domestic supplier, White, whose trucks it had previously handled. Volvo expects to ship 700 vehicles to the U.S. this year in preparation for the new arrangements which will take effect at the retail end in January. By 1981-82 it hopes exports to the U.S. will be 3,000 trucks a year. Freightliner is owned by one of America's largest haulage companies (more than 5,000 trucks of its own) and has 200 distributors.

Iveco is the only European company setting up its own dealer network. Mr. Ray Reardon, president of Iveco Trucks of North America, says he will be disappointed if Iveco does not sell 3,000 units next year, most of them in Class 6 but also a small number in the heavier Class 7.

Some European manufacturers, however, doubt whether there is much profit to be made out of shipping built-up trucks to the U.S.

Mr. Piet Van Doorne, president of Daf Trucks of Holland, believes that the fall in the value of the dollar against European currencies makes such shipments uneconomic. Attempts by European manufacturers to penetrate the U.S. market "will only prove a success if they are prepared to accept very considerable losses on this business because with currency values as they are at present, they will just have to buy their way into the market."

Mr. Van Doorne is one of the few European truck makers with some experience of the problems involved. Daf linked with International Harvester in 1972 partly to see if its trucks could establish themselves in the U.S. But exchange rate changes made them too expensive.

International Harvester has a 33 per cent stake in Daf Trucks, but the partnership has not yet yielded the advantages that had been hoped for. "The two companies each have their own attitudes and ways of working which are difficult to keep in line," is the way Mr. Van Doorne summed it up. His experience highlights the potential dangers involved when companies with entirely different approaches attempt joint ventures.

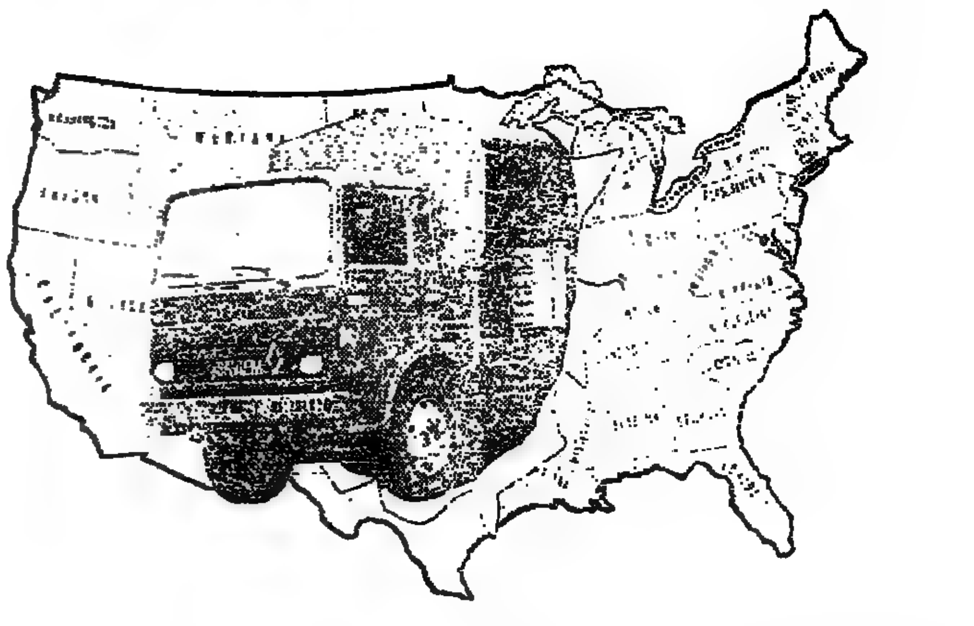
The tie-up between the West German group MAN (Maschinenfabrik - Augsburg - Nuernberg) and White Motor, of the U.S., reverses the International-Daf situation. A large European company is buying into an American truck maker — acquiring a 12.6 per cent shareholding at a cost of $15.6m—in order to establish a presence in the U.S.

Herr Otto Voisard, the main Board director who is chairman of MAN's commercial vehicles division, tends to agree with Mr. Van Doorne. The whole point of the deal with White, he points out, is to develop a truck for the American market *in America*—"but we hope to use some European components in it."

MAN's research indicates that capital-intensive products like the new engine and rear axles it has developed as part of a joint venture with Volkswagen in Germany could be competitive in the U.S. as long as the dollar retains a "reasonable" value of about DM2.

However, "we would be willing to make the new truck entirely from U.S. components if this is required to make it a success."

MAN's much larger German competitor, Daimler-Benz, may in the long run prove to be the strongest foreign challenger in the U.S. truck market. It is shipping trucks into the U.S. from its Brazilian subsidiary, but there has long been speculation that the company will one day start truck manufacture in the U.S. At present its only manufacturing interest there is Euclid, formerly a White Motor subsidiary, which makes off-highway dump trucks.



In the meantime, the American competition is not standing still. The big producers of Class 6 trucks—Ford, General Motors and International Harvester—are all taking steps to improve their position in diesel-powered vehicles. Similarly the engine manufacturers, Cummins, Caterpillar and General Motors itself—through its Detroit Diesel Allison subsidiary—are developing new products to meet the growing demand. At present Ford is easily the largest producer of Class 6 diesel trucks, using the Caterpillar 3208 engine. International Harvester is expanding its output of Class 6 and Class 7 vehicles, featuring the Caterpillar engine or its own DT-466 design.

International Harvester is predicting that diesel trucks will take 15 per cent of the Class 6 market by 1980, 23 per cent by 1982, and 35 per cent by 1985, or approximately 70,000 out of a total market of 200,000 units. If the Europeans are to capture 15 per cent of that market, which is comparable to the average import share of the passenger car market in the U.S. over the last few years, then they could expect to sell between 10,000 and 11,000 units by 1985. This is unlikely to make them rich.

General Motors is about to become a major presence after admitting that it has been a little late in spotting the potential for diesel engines in the medium-duty market. Detroit Diesel Allison is building a new plant designed to start producing in 1980 up to 75,000 units a year of a new 8.2 litre diesel engine specifically designed for the medium-duty market. The company is confident that this will boost the attraction of its own truck models, and that rival manufacturers such as Ford will want to buy the engine.

More immediately, Cummins whose units power more than 41 per cent of all diesel-driven trucks, is re-entering the medium-duty market with a derivative of one of its heavy-duty engines which is being offered with a range of 1979 Ford trucks.

A diesel-engined truck costs on average about $4,000 more than a petrol-driven unit, but more and more businesses are making the investment because of the much lower fuel consumption, which is worth an estimated $10,000 saving per 100,000 miles.

Mr. Ringstaff of West Virginia and Mr. Willis of Florida both cited fuel economies as their main reason for buying their German trucks; and Mr Willis claimed erroneously that there was no comparable American-made product available. It will help the Europeans if this impression remains widespread in the United States.

THE AMERICAN COMPETITION

Heavy-duty Trucks

(Classes 7 and 8, above 26,000 lbs)

	1978 Jan.-June	1977 Jan.-June
Intl. Harvester	22,798	17,534
Ford	16,127	13,721
Mack	13,703	11,052
Gen. Motors*	10,969	9,131
Kenworth	6,993	5,779
White†	6,161	4,506
Freightliner	5,801	4,757
Peterbilt	4,640	4,218
Others	1,483	1,838
Total	88,675	72,536

Medium-duty Trucks

(Class 6, 19,501-26,000 lbs)

	1978 Jan.-June	1977 Jan.-June
Gen. Motors	26,219	26,015
Ford	23,766	24,567
Intl. Harvester	13,877	15,270
Others	898	2,612
Total	64,760	68,464

* Including Chevrolet and GMC.
† Including Autocar and Western Star.

Source: R. L. Polk

Letters to the Editor

EEC fishing issue

From the Scottish Vice-President, The British Fishing Federation

Sir,—While I accept that Malcolm Rutherford (December 1) may have been trying, presumably with the aid of some inspired but unacknowledged Whitehall leak, to outline the realities of "playing the EEC game," I am horrified at the way in which he clearly spells out on the one hand that fish is "the one real issue on which Britain as a cast-iron case," but on the other puts forward the view, at least by implication, that fish should be sacrificed as a political pawn in the EEC game.

I think perhaps an equally important reality which Malcolm Rutherford has not pointed out is that the UK media, and more importantly a united UK parliament and the Prime Minister, now recognise the basic justice of the UK fishing case and indeed are beginning to realise that a fair renegotiation of the common fishing policy has become the major current test of the Community's political integrity. If Europe is to achieve its aspirations of becoming a major political force, its internal policies must be seen to be just and the Community's ability now to carry out a fair renegotiation of its fishing policy has become a test of its ability to adjust equitably to changing world conditions (the world movement towards 200 mile limits in the fishing case) and to ensure a consistent and fair application of the principle of ownership of resources within its member states.

The fishing industry is neither pro- nor anti-Europe and it must not, as inferred by your article, be allowed to become a political football between the pro- and anti-Marketeers, nor be sacrificed and lost in the maze of European politics. Everyone has assumed that John Silkin has taken up the UK's fishing case so strongly in Europe because of his well-known anti-Market position. I would suggest perhaps more important factors have been the indisputable strength of the UK's case together with the unbelievably selfish stance so blatantly adopted by the other eight countries trying to adhere to a completely outmoded fish regime.

Ian C. Wood,
The John Wood Group (Aberdeen),
Raik Road, Aberdeen.

A policy for pay

From the Chairman, Elite Engineering

Sir,—As a monetarist Professor D. Johnson (November 27) asks the question "What will be the unemployment cost of not beating inflation?" Unfortunately he does not give an answer to that question nor to the more important question of how to provide a satisfactory solution against inflation. He does, however, give us a clue in amplifying Prof. Moore's letter of November 10 by referring to "a simple tax on excessive wage increases."

Employers in industry bear the brunt of the real situation today and have to ask themselves, "Is it better to compromise and live to fight another day or go down fighting for a principle like "The Times"? Neither the CBI nor large employers can do much to change the real situation they find themselves in. Firms like Ford can lose millions fighting—only to give in later with many excuses as to why it won't cost anything in their case, forgetting that parity is what the problem is ultimately about, and that they will face the same blackmail next time round. Ford knows it can recoup by price increases as others will be in the same boat. That is inflation.

It is important to realise that the crux of the present problem is power and not economics. Pure monetarist policy in the present power situation will quickly produce more unemployment and bankrupt firms. What is needed is to counter power with power. Recent legislation puts all the power with the shop floor and even pays social benefits to strikers. What power did Heath or does Callaghan have to counter selfish shop floor leaders? A few hundred votes from supporters in Parliament got them nowhere, because neither attacked the root of the problem. Heath never mustered a counter force behind him or prepared the ground for the battle in advance as did Stanley Baldwin in the 1920s; so, like an honourable man, he went to the country. Callaghan looks like going down with colours flying, and can't achieve his target now.

Great play has been made of the words "free collective bargaining" with "responsible" added in the front to make it respectable. There can be no no such thing when one of the parties to the bargain can and does hold the nation or employer to ransom.

Power to restrain those selfish shop floor leaders (and I hasten to add they are not all selfish), who at present make the running inflationary, can only come from majority acceptance of a reversal by Parliament of current legislation promoting shop floor power. Implementation of the suggestions attributed to Prof. Moore, or for an additional personal tax on those groups bargaining collectively whose wage increases are found to be excessive would place the effective restraint where it belonged—not on a wronged employer like Ford, but on those who are bargaining selfishly outside the Government's guidelines. For such a policy to work a very strong Government pay research unit to evaluate and recommend norms would be needed, using job evaluation techniques and giving national publicity to comparative wages.

W. A. Russell.
Salterns Lane.
Fareham, Hants.

Velocity of money

From Mr. R. Golding.

Sir,—The monetarist explanation of inflation, cogently outlined by Professor D. W. Johnson (November 27) relies basically on the fact that a prior expansion of the money supply is needed to finance across-the-board "inflationary" wage claims. According to the monetarist school, unless the money supply is increased, an individual employer putting up his prices in response to large wage claims will merely find that demand for his product, and therefore his demand for labour, falls. The initial result of this process is a smaller workforce employed at a higher wage rate, although the final equilibrium in this situation will depend upon trade union strength vis-a-vis the unemployed.

Essentially the monetarist position is therefore no different from the neo-classical pre-Keynesian supply and demand theory — a reduction in the supply of labour bringing about an increase in its price.

The weakness of the monetarists' position is that they believe that a rising general level of prices can only be brought about by an expansion of the money supply. In the above example of one employer putting up his prices in response to wage demands and then finding demand for his product falling, it is perfectly possible for all employers, faced with the annual round of wage negotiations, to put up their prices by a comparable amount and at a similar time and find that demand for their products does not alter. All that is required is that the existing money stock, however defined, circulates somewhat faster. This is the case, for instance, during the Christmas period when the existing money supply is obliged to finance an above-normal level of trading.

Keynesian economists do not share the monetarists' optimism over the stability of the velocity of money in circulation, and therefore in Keynesian theory an expansion of the money supply is not an essential precondition for a rising general price level. Rather the consequences of such monetary expansion in Keynesian theory tend to be looked at via the effects on the rate of interest and the subsequent effect that this has on the level of activity in the economy.

R. J. Golding.
Squirrels Cottage,
Cuddington Way, Cheam,
Surrey.

Where the money goes

From the Vice President, Economic News Agency

Sir,—With reference to Mr. Gordon Richardson's speech to the Institute of Directors and your own editorial comment about shareholder's objectives (November 29), may I humbly point out that you both ignore some important fundamental aspect of shareholding.

Last year, the amount of money that changed hands in Britain through the services of the Stock Exchange was approximately £110bn whereas the total sum of new money raised by the SE reached only £9.5bn.

This means that out of every £1 spent by the public (institutions and individuals) on buying shares, only about 8p went toward investing in British industries and businesses and the rest can be only regarded as a vast gambling fund which added nothing to the gross national product. It ought to be mentioned at this stage that the new money raised by the SE was 42 per cent less than the figure quoted for last year.

Please consider that out of £110bn not a penny went to industries and businesses whose shares were traded because they had received their cash when the shares were initially issued.

If some of that enormous sum was channelled towards investing in British industry, the future of this country could be viewed with some optimism even if one considers the deleterious effect of the power and mentality of the unions who have yet to learn that production leads to riches.

This is the subject which should be discussed by the Governor of the Bank of England, your goodself and every Tom, Dick and Harry who cares about the welfare of Britain.

George H. Lane.
12 Petersham Place, SW7.

Paying bills

From Mr. I. Baillie

Sir,—As an American living in London I receive each month a number of personal accounts from suppliers of goods and services in both Britain and the U.S. When my wife and I come to pay these we find almost uniformly with our U.S. suppliers a neat tear-off remittance slip indicating clearly the amount payable and a printed return envelope; payment of the account is therefore a relatively simple if not painless procedure. Our British accounts come in all forms and shapes and sizes: if there is a remittance slip it frequently does not indicate the amount payable and to send it by post one has to hunt in various portions of the bill and then copy on to an envelope in my rather illegible handwriting the address of the supplier as well as any other information such as accounts department which the supplier apparently requires so that it may be properly directed when it reaches them.

Perhaps inevitably I find that whereas I pay my U.S. accounts relatively promptly since I can do so almost anywhere my British accounts tend to be put off for greater lengths of time, or alternatively my secretary is faced with typing a substantial number of envelopes for me.

One wonders why British firms cannot be persuaded towards the more intelligent way of arranging for bills to be paid. One appreciates that many people in this country use Giro but bearing in mind the number of people who still pay by post and cheque and the possibility for many suppliers of using the return envelope as a "point of sale" purchase form, I can hardly believe that providing return envelopes would be more costly than the present inefficient system.

Iain C. Baillie.
20, Chester Street, SW1.

Bill of lading frauds

From Mr. S. Gershon.

Sir,—As one whose daily work is closely connected with documentary credit operations, I was interested in your correspondent's article on recent "bogus bill of lading frauds" (November 27). There are two Latin words which everyone in commerce should learn—"caveat emptor," (let the buyer beware). If this motto applies to someone buying an article for 50p in a street market, then it surely applies equally, if not more so, to an executive of a trading company who buys a job-lot, or some other bargain-priced goods, for £1m or more.

Since there has, of late, been some implied criticism of the role played by the banks in such transactions, it should be appreciated that, as far as the banks are concerned, if a customer instructs his bank to open an irrevocable credit in favour of an overseas supplier, the bank is entitled to assume that its customer knows his business, and the risks he may be running. As is well-known, a bank handling a documentary credit operation deals in documents, not in goods. Provided that the correct documents are presented, or documents which appear, on the face of it, to be in order after being checked against the credit requirements with reasonable care, (and the degree of care applied can always be challenged before the Courts, if desired) the banker cannot do otherwise than effect settlement, without failing in his duty towards his customer, as well as in his obligation towards the beneficiary of the credit.

Is anyone prepared to suggest that a bank employee should be credited with an ability to spot a forged bill of lading greater than that of his customer to spot a rogue supplier?

The fact remains, as has been repeated many times over, that knowledge of one's trading partners is of paramount importance. A buyer can, in a letter of credit, call for all sorts of certificates and declarations, but there is no absolute protection against the machinations of an unscrupulous supplier. At the end of the day, one has to depend on the supplier's integrity, and if this is in any way in doubt, or uncertain, a contractual relationship without normal references is to be avoided, or terms should be sought deferring payment until after receipt and verification of the goods.

If, however, the temptation of the "fast buck" is overwhelming—caveat emptor!

S. Gershon,
2, Waterfall Close, N.14.

Lead in petrol

From Mr. N. Albery

Sir,—Mr. Denis Howell, Minister of State in the Department of the Environment, admitted on the BBC Nationwide TV programme on November 16 that he would like to reduce lead in petrol to the low West German levels (in order to protect children from possible brain damage), but that "the cost to our balance of payments would be about £200m a year."

The Department of Transport claims that this £200m cost would arise from an additional demand for crude oil that the more severe refining processes for low lead petrol would require.

This fear, however, seems to be unfounded. I have communications from the West German Government which state that "a significant increase in the demand for crude oil in the German Federal Republic has not occurred." Furthermore, "it can be concluded that the reduction in lead concentration does not involve an increased energy requirement." Nor has the West German consumer suffered: "The remarkable success of the Low Lead Petrol Act in reducing the atmospheric lead concentration by almost two thirds in the centres of our main cities has been achieved without any additional cost to the consumer."

The oil refineries are the main group Mr. Howell is protecting by his delay in taking action. But again the West German experience is instructive: "The overall investment of all 25 refineries—DM 277.5m—(costs of meeting the requirements of the Low Lead Petrol Act) is nowhere near the total of DM 1bn predicted and published by the industry."

Since the experience of the West German Government indicates so conclusively that Mr. Howell's professed desire for a stringent cut in petrol lead levels is economically feasible, and since recent scientific research points more and more clearly to the dangers to health from lead in the atmosphere, I hope that MPs in the current session of Parliament will ensure that steps are taken to make the necessary alterations to the Lead in Petrol Regulations of 1976.

Nicholas Albery.
107, Preston Road, W11.

Illogical positions

From Mr. R. Turton

Sir,—Extreme monetarists like Professor D. Johnson (November 27) are guilty of oversimplification when they argue that the only cause of inflation is an increase in the money supply. If one factor in an equation is kept constant then of course all other factors can be made to appear, by simple mathematics, to be wholly determined by it.

One might as well argue, with equally irrefutable statistical proof, that trade unions are the sole cause of inflation. That the money supply determines only the level of unemployment that goes with this inflation. And, therefore, that the Government can achieve nothing by controlling the money supply. Both positions are equally illogical.

Romilly Turton.
31, Fens Way,
Hextable, Kent.

Today's Events

GENERAL

Second day of EEC Summit meeting in Brussels on European Monetary System.

Prince Charles opens Anglo-American conference on alternative energy sources, London.

EEC Budget Council meets in Brussels.

U.S.-USSR Trade and Economic Council meets in Moscow.

World Management Congress opens in Delhi (until December 8).

Meeting of U.S.-Soviet Joint Commercial Commission in Moscow.

Report on activities of South African Department of Information made public.

OFFICIAL STATISTICS

London clearing banks' monthly statement (mid-November). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-November).

PARLIAMENTARY BUSINESS

House of Commons: Education Bill, second reading. Motions on Social Security (Contributions, re-rating) Order and (Earnings Limits) Amendment Regulations.

House of Lords: Scotland Act (Referendum) Order. Land Registration (Scotland) Bill, second reading.

Select Committees — Nationalised Industries. Subject: British Aerospace report and accounts. Witnesses: British Aerospace. 4 pm, Room 8. **Defence and External Affairs sub-committee.** Subject: Overseas Representation. Witnesses: Foreign Office. 3.15 pm, Room 16. **Science and Technology. Technological Innovation sub-committee.** Subject: Technological Innovation. Witnesses: Central Resources Unit of the Glynwed Group. 3.20 pm, Room 15.

COMPANY RESULTS

Final dividends: Flexello Castors and Wheels. Irish Distillers Group. Ranks Hovis McDougall. **Interim dividends:** Bankers' Investment Trust. Bristol Evening Post. Carles Capel and Leonard. Plessey and Co. **Interim figures:** Smith and Nephew Associated Companies (3rd quarter).

COMPANY MEETINGS

See Company News, Page 21.

COMPANY NEWS

Swan Hunter cut-back by shiprepair losses

A TURNROUND of over £3m to a *trading loss of $1.22m by the ship-repairing division* has left the **Swan Hunter Group** with a trading deficit of £510,293 for the year ended June 30, 1978, compared with a profit of £3.32m in the previous 18 months.

Taking into account share of trading profits of associates of *£563,499 (£1.15m) and investment* income and net interest receivable *of £2.81m* compared with £2.82m, the pre-tax balance emerges at £3.16m compared with £7.29m.

A scheme of reconstruction is proposed involving the liquidation of the company as a result of which holders will receive cash and ordinary shares in a new holding company called Gosforth *Industrial Holdings. Funds* surplus to group requirements estimated at between 130p and 145p per share will be returned to Swan holders who will also receive Gosforth shares.

In view of the timing of this scheme there is to be no final dividend so the interim of 3p *already paid will compare with a* total of 10.1892p for the previous *18 months.* The board of Gosforth hopes to recommend dividends of 3p per share for the period ending December 31, 1979.

See Lex

HIGHLIGHTS

Swan Hunter's reconstruction has disappointed some of the optimists, but Lex suggests that the proposals are likely to be accepted. Also covered in the Lex column is **London and Overseas Freighters** where trading losses are unchanged but there are higher ship sales. Elsewhere, **Group Lotus** appears to be on the mend, but the tougher conditions in the construction industry has reduced the growth rate achieved at **Matthew Hall** after nine months. **Marshalls Halifax** looks set to maintain its trend of record profits after a 23 per cent gain at the halfway stage.

Atkins down at halfway

REFLECTING A lower temporary employment subsidy and final *costs involved in changing the* trading pattern of a subsidiary, *pre-tax profits of Atkins Brothers* (Hosiery) were down from £265,606 to £185,323 for the six months to September 30, 1978.

The directors state that if these two factor were excluded there would have been a small increase in profit for the period, temporary employment subsidy was down from £84,720 to £32,500.

Turnover was ahead at £4.93m against £4.64m and tax for the first half takes £90,000 (£128,000). *The interim dividend is increased* from £1.25p to £1.375p net per *23p share—last year's final was* 2.423p paid from record profits of £626,000.

The directors state that the textile trade in general remained sluggish for the first few months of the year but recently there had been some signs of growing confidence, and brighter prospects, with improving order books.

But they add it now remains *to be seen what effect the recent* increase in MLR will have upon *the consumer market.*

Bremner just ahead midway

PRE-TAX PROFITS of Bremner and Company, general warehouse concern, finished the half year to July 31, 1978, *just ahead from* £195,777 to £202,020 and the *directors state that subject to the* important Christmas trade it is hoped that the improvement will be maintained. For the previous year, profits had fallen from £583,173 to £463,000.

The interim dividend is *increased to 1.1p (1.015p) net per* 23p share, last year's final *payment being 2.8p.*

The pre-tax figure included interest receivable, lower at £42,320 against £68,769, and was subject to tax of £92,126 compared with £104,622. Net profit came out at £110,894 (£91,135) of which the dividend will absorb £60,720 (£36,028). The amount retained was £50,174 (£35,127).

ACT already paid during the *half year amounts to £70,126* against £79,022.

Armour Trust looks for further rise

The directors of Armour Trust are now in a position to face the future with cautious optimism and they look forward to a further *steady increase in profitability,* Mr. Christopher Lambourne, the *chairman, tells members in his* annual statement.

As reported on November 25, the Trust achieved a turnround from a loss of £178,000 to a profit of £232,000 in the year ended April 30, 1978. To conserve cash resources no dividend is payable for the period (same).

Auditors, Binder Hamlyn say that the aggregated statement of *the assets and liabilities for* foreign subsidiaries includes directors' valuations of certain assets and estimates of liabilities which they have been unable to verify. And, therefore, they can*not express any opinion on the* deficiency shown.

In the statement, properties (fixed assets) are shown as £254,000 (£201,000) at subsequently realised value, and £526,000 (£1.08m) at directors' valuation: *debtors at directors' valuation* £132,000 (£112,000). Creditors and *estimated accruals are shown as* £125,000 (£190,000). Net deficiency of assets are given as £2.27m (£2.13m).

Kleen-e-ze lower at 28 weeks

ALTHOUGH turnover increased from £3.78m to £4.39m, pre-tax profits of Kleen-e-ze Holdings, makers of brushes and cleaning devices, etc., fell to £235,836 for *the 28 weeks to October 11, 1978,* compared with £313,031 in last *year's same period.*

The directors point out that *profits show an advance over last* year's second half result of £179,544, and this improvement *is* being maintained at present.

Interim profits were after deducting factory reorganisation expenses of £28,300 (nil) and before tax of *£122,643 (£162,778).*

The interim dividend is main*tained at 0.875p net per 25p share,* with waivers amounting to £23,825 *(£23,003)*—the 1977-78 final was 3.443p.

RECEIVERSHIP

The directors of Dreibholz and Floering and J. J. Wright Engineering have asked their bankers to appoint a Receiver and Manager. He is Mr. Christopher Morris of Touche Ross and Co.

The trading of the two companies based in Dereham, Norfolk, *is continuing while the Receiver* assesses the position. A further *announcement is expected shortly.*

Freddie Mansfield

Mr. Kenneth Kemp, chairman of Smith & Nephew, photographed with a range of the company's products. Results for the nine months' period are being announced today.

First half rise for Marshalls (Halifax)

WITH DEMAND for its concrete products exceeding expectations **Marshalls (Halifax)** expanded taxable earnings from £1.07m to £1.31m in the half-year to the end of September 1978. Total sales *improved to £14.38m, against* £11.62m previously.

The directors are confident of the future expansion of the group and are encouraging a high level of investment — financial resources being more than adequate for the purpose, says Mr. D. R. Marshall, the chairman. He ex*pects full year profits to surpass* last year's record £2.16m.

The concrete division, which, with quarrying, last year contri*buted £1.34m to group surplus,* lifted profit in the first half by 28 per cent on sales 31 per cent ahead. The main problem for the division was the production of sufficient volume to meet demand.

The chairman says that the outcome was helped by better productivity, created by a continuing policy of investment in new plant and machinery. The future prospects for the division are *encouragingly healthy, he adds.*

There was also a 24 per cent *advance in profit by the engineer*ing division but the performance *of the individual companies in* this section was uneven.

Export business is essential to the expansion of this division, but a poor level of world-wide demand for the products of both Halifax Tool Company and Reliance-Mercury, coupled with consequentially fiercer com*petition, is making it very difficult* to maintain order levels, Mr. *Marshall comments.*

Nonetheless, he is confident that the group will continue to have rather more than its share of the available business.

With tax this time of £200,000 (nil) stated earnings per 25p share were 17.16p (16.73p). The net interim dividend is raised to *1.5p (0.99p) to reduce disparity.* For 1977-78 the total was 5.84p.

At halftime minorities took £62,000 (£46,000) and currency realignments £22,000 (£7,000) leaving attributable profit at £1.02m (£1.01m).

	Half-year 1978 £000	1977 £000
Sales	14,383	11,619
Pre-tax profit	1,307	1,066
Tax	200	—
Net profit	1,107	1,066
Minorities	62	46
Exchange loss	22	7
Attributable	1,023	1,013

● comment

Marshalls (Halifax) has a long unbroken run of record results and the current year looks set *to maintain the trend. Taxable* profits at the half-way stage are *23 per cent better thanks to an* improvement in the contributions *from both concrete and engineer*ing. This does not, however, mean that both sides are pulling with equal weight. The widely spread and specialist engineering interests turned in a disappointing result in the comparable *period while there are now doubts* about orders at the two biggest *companies in the division. One* of them, Reliance-Mercury, actually did very well in the first six months and overtook the historically more important Halifax Tool. Meanwhile the concrete and quarrying subsidi*aries are seeing the benefits of* increased mechanisation and the *company is still increasing* capacity to cope with demand. *The second half, nevertheless,* will almost certainly see some slow down in growth but profits for the year of £2.3m should be possible. The market reacted well and the shares at 138p (up 3p) stand on a fully taxed prospec*tive p/e of 7.6 and yield a* prospective 7 per cent, but taking *a line through the first half tax* charge, the p/e is only just over 4 per cent.

Vinten up 75% mid-year

REFLECTING the delivery of the *majority of a large contract for* podded reconnaissance systems *taxable profits of Vinten Group* expanded 75 per cent from £356,000 to £622,000 for the half year ended September 30 1978. Turnover was up by £1.14m to £2.94m.

Mr. Michael Brown, the chairman, says the contract will be completed in the second half. The *television camera mounting equip*ment side of the business con*tinues to be buoyant, he adds,* and provides the group with the opportunity to "comfortably exceed the levels of turnover and pre-tax profit of last year."

For the previous year a record £1.15m profit was achieved on turnover of £4.40m.

The interim dividend is *effectively raised from 0.3333p to* 0.5p net per 20p share and will absorb £40,306 (£26,931)—last year's final payment was an adjusted 0.6933p.

After tax of £323,000 compared with £183,000, the attributable balance came out at £299,000 against £171,000 last time.

Mr. Brown says the group is to supply the low-level and forward-oblique cameras of the proposed reconnaissance system for the Tornado aircraft project. Formal contract negotiations have not, as yet, taken place.

And the directors expect shortly to receive a contract for the *design and development of a real-*time reconnaissance system.

In support of the level of production now required, they are increasing investment in plant and extending factory buildings, the chairman says.

Today's company meetings

Acorn Securities, Regis House, King William Street, EC, 2.30. C.L.R.P. Investment Trust, 77, London Wall, EC, 10.45. City and International Trust, 8, Waterloo Place, 12. R. Goodwin (Eng.), Hoben Quarries Ltd., Brassington, Derbyshire, 2.30. Guildhall Properties, Winchester House, EC, 12. Hensher (Furniture Trades), Connaught Rooms, Great Queen Street, WC, 12. Kalamazoo, Kalamazoo Works, Birmingham, 11.30. W. Tyzack Sons and Turner, Royal Victoria Hotel, Sheffield, 12.

Matthew Hall ahead and forecasting £7m

RECORD PROFITS for the year at *Matthew Hall and Company* are forecast by Sir Rupert Speir, *the chairman* of the industrial engineering group. He says that the £7m mark will be achieved for 1978 compared with a previous £6.2m.

Results for the nine months ended September 30, 1978, show an *advance in pre-tax profits from* £4.35m to £4.85m and an increase *in the interim dividend from* 1.7606p to 1.906p net per 25p share. Also announced is an additional 0.0806p for 1977 on the reduction in ACT—last year's final payment was 5.3216p.

The engineering companies *maintained their progress,* the chairman stated, and the group *is particularly encouraged by* British Petroleum's recent announcement of a Letter of Intent in respect of design specifications and budgets for topside facilities for a production platform for the Magnus Field.

In mechanical and electrical services the multi-service com*pany,* Matthew Hall Mechanical Services, "will again produce very good results for the year." And the level of orders received so far this year, he adds, is again most encouraging.

Holliday Hall, the electrical contracting company, and George M. Bilclough, the North East plumb*ing company,* are both having a difficult year, however, with reduced profit due to loss provisions on certain contracts.

	Nine months 1978 £000	1977 £000	Year 1977 £000
Profit on trading	3,563	2,653	4,865
Oil, chemical and industrial eng.	1,768	1,475	1,961
Mech. & electrical	1,794	1,908	2,894
Share of assoc. pft.	25	*36	*38
Interest receivable	1,256	1,055	1,374
Profit before tax	4,847	4,352	6,203
Tax†	1,901	1,309	2,925
Net profit	2,944	2,543	3,278
Minorities	4	67	39
Attributable	2,940	2,476	3,219
Ord. divs.	224	201	815

* Loss. † SSAP 15 applied.

The directors say that no liability for that part of the deferred taxation provision relating to accelerated capital allowances will *fall due to be* paid within the foreseeable future.

Consequently, provision for deferred taxation arising on these *timing differences* has not been provided for, and comparative figures have been adjusted accordingly.

The directors are of the opinion that full provision *should continue* to be made in respect of other *categories included under deferred* taxation.

● comment

Compared with average profits growth of more than 40 per cent per annum over *the past three* years, Matthew Hall is having to *settle for an increase of around* 12 per cent in 1978. This reflects much tougher conditions in the construction industry, which has hit the important mechanical and electrical services division. Here, although the company appears to be doing *better than* most, profits *are nine per cent* lower after nine months. The problem appears *to be confined* to Holiday Hall and Bilclough where *loss* provisions amount to about £0.5m but the company is hopeful that this can be substantially reduced in the final quarter. Elsewhere, the oil, chemical and industrial *engineer*ing division goes from strength to *strength, reflecting increased* activity in energy-related pro*jects.* BP's Letter of Intent in respect of a platform for the Magnus Field is expected to lead to another major North Sea contract, involving engineering services in around 1.5m manhours in a contract worth upwards *of £20m. Meanwhile,* the useful increase in investment *income* reflects the continuing heavy cash element in the Balance Sheet which the company—in these times of rising interest rates—is more than happy to retain. Taking a line through the interim tax charge, the shares, at 213p, are on a prospective *p/e* of 5.7 while the *yield is 5.5 per cent.*

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Atkins Bros.	int.	1.38	—	1.25	—	3.67
Bremner	int.	1.1	Jan. 25	1.02	—	[illegible]
Davenports		2.21	Jan. 25	1.97	3.09	2.77
Matthew Hall	int.	1.97	Jan. 29	1.76	—	7.16‡
Kleen-e-ze	int.	0.88	Jan. 15	0.88	—	4.32
Marshalls (Halifax)	int.	1.58	Mar. 30	0.99	—	5.84
Sonic	int.	0.95	Feb. 8	0.87	—	2.32
Swan Hunter		Nil	—	3.69	3	10.19¶
Vinten	int.	0.5	Feb. 28	0.33	—	1.03*

Dividends shown pence per share net except where otherwise stated.
*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.0806p for 1977 on reduction in ACT. § To reduce disparity. ¶ For 18 months.

Midway rise for Group Lotus

FOR THE first half of 1978, Group *Lotus Car Companies reports an* advance in taxable profits from £285,000 to £347,000, on turnover ahead £0.5m to £4.5m.

Profits for all 1977 jumped from £16,986 to £536,874 and in September the directors said the current year had continued favourably but much would depend on ongoing improvement in world economy.

After tax of £174,000 (£143,000), half-yearly net profits rose from £142,000 to £173,000, giving *stated* earnings of 2.0p (2.4p) per 10p *share.*

Again no interim dividend is *to be paid—the last payments* totalled 2p net in respect of 1974.

● comment

The convalescence at *Lotus* appears to be going well. *Production has been raised by 10* per cent or so to an annual rate of 1,200 cars and the more efficient use of capacity has allowed pre-tax margins to rise to 7.7 per cent from 7.1 per cent a year ago. But the company remains in a delicate position. It has drawn down more of its *American Express overdraft facili*ties to finance higher stocks and *net borrowings still represent a* very large proportion of shareholders' funds (77 per cent at end-1977). In these circumstances Lotus is not in any rush to pay a dividend yet. Capital spending is running at low levels at the moment as the next generation of models has not yet left the *drawing board. Domestic demand* for Lotus cars is rising and the *UK now accounts for nearly half* of total sales, against 35 per cent last year. In the vital North American market the company is invoicing in sterling. At 51p, up 2p, the shares sell at 10.8 times last year's earnings or 8.6 times the 1978 first half figures annualised.

Profit warning at Paterson Zochonis

ALTHOUGH RETURNS to date at Paterson Zochonis and Co. *indicated profits slightly in excess* of last year's corresponding *period. If pressures on margins* were maintained it might well leave somewhat lower results for the full year, Mr. John Zochonis, the chairman, said at the annual meeting.

It was far too early to say how the year would turn out, but the pressure on margins mentioned in his 1977-78 annual statement showed no signs of easing, the *chairman stated.*

For the year ended May 31, 1978, taxable profits of the West African merchant were ahead from £18.27m to a record £19.48m.

IN BRIEF

SOUTHERN MALAYAN TIN DREDGING (M) BERHAD—Results for year to *June 30, 1978, already known.* Fixed assets Malaysian$6.34m investments at costs $5.34m, current assets $25.67m, current liabilities and provisions $26.48m. Southern Malayan Tin Dredging now wholly owned subsidiary. Straits Trading Company holds 16.92 per cent, Malayan Tin Dredging 12.2 per cent; London Tin Corporation 10.1 per cent, Danik Keramat Holdings Berhad 10 per cent. Meeting, Peninsular Malaysia, December 22.

Plan for expatriates

A new contract aimed at enabling UK expatriates to turn high earnings into a future capital sum or to provide a pension, has *been launched by Save and* **Prosper International Insurance,** *a member of the Save and Prosper* Group.

Called the Ten Plus Flexible Policy, it offers regular savings *over a 10-year period in a broad* range of funds, with the expatriates combining their favourable tax status with investment, since the policy is written by a fully tax-exempt Bermuda insurance company.

At the end of 10 years, the investor has considerable flexibility in the way the proceeds are taken. He can take it all in a lump sum, or as income through *regular withdrawals, or can con*tinue to pay premiums for a *further 10 years.*

Individual policyholders may be able to apply for the contract to be designated a qualifying policy if they intend eventually to take up residence in the UK. Once this has been obtained, all proceeds of the policy would be free of all UK tax providing that 10 years' premiums have been paid.

The minimum annual premium *at U.S.$2,500 (U.S.$250 per month)* and it is available between ages *20 and 64. The Bank of England* would at present grant permission for a person returning to the UK to pay the premiums without the need to purchase investment currency provided the policy was taken out at least one year prior to returning.

Triefus more than doubled

EXCEPTIONAL trading conditions prevailing for rough diamonds on world markets enabled Triefus and Company to more than double taxable profits from £231,398 to £546,672 for first half of 1978, on sales up only £1m at £8.53m.

The advance in surplus hides the fact that the group's manufacturing companies marketing diamond tools, grinding wheels and abrasives faced continued difficulties in maintaining or even achieving profitability. These companies made no contribution to half-time growth.

Tax for the half year took £285,000 (£120,000), leaving net profit ahead from £111,388 to £261,672 and earnings per 25p share were shown 6.28p higher at 10.55p.

Last year full-time profit was a record £0.63m with the manufacturing companies overseas meeting strong demand while those in the UK were affected by a rise in diamond prices and other increased costs.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bankers Investment Trust, Geo. Bassett, Bristol Evening Post, Carless, Capel and Leopard, Dundonian, Bighams, Harold Ingram, International Timber, Plessey, Shaw and Marvin, Sungei Best Mines.

Finals: Frederick Cooper, James H. Dennis, Flexello Castors and Wheels, Irish Distillers, Kelsey Industries, NSS Newsagents, Ranks Hovis McDougall.

FUTURE DATES

Interims—	
Audiotronic	Dec. 12
Brent Walker	Dec. 7
Distillers	Dec. 14
Electric and Gen. Invest.	Dec. 18
Geevor Tin	Dec. 12
Greene King	Dec. 15
Phoenix Timber	Dec 14
Premier Consold. Oilfields	Dec. 11
Russell Bros. (Paddington)	Dec. 11
Sogomana	Dec 7
South Crofty	Dec. 11
Foothill (R. W.)	Dec. 11
Victoria Carpet	Dec 6
Wassall (J. W.)	Dec 8
Wilkins and Mitchell	Dec. 7
Williams (W.)	Dec. 7
Wilson Brothers	Dec. 12
Finals—	
Compair	Dec. 19
Dubilier	Dec. 13
First Union General Inv. Tst.	Dec. 15
Glenmurray Investment Trust	Dec. 6
Hardys and Hansons	Dec 13
Hunslet (Holdings)	Dec. 15
Lee (Arthur)	Dec. 13
M. and G. Group	Jan. 11
Martin the Newsagents	Dec. 11
S. African Land & Exploration	Jan. 16
Southvaal	Jan. 18
Vaal Reefs Exploration & Mining	Jan. 18
Western Deep Levels	Jan. 18
Whessoe	Dec. 13

Redpath splits into four

REDPATH DORMAN LONG, the construction and fabrication subsidiary of British Steel, has been split into four divisions in a bid to win new business.

Until recently, the company received a large proportion of its work from the Steel Corporation, building new steel works. But cuts in the corporation's investment programme have meant the loss of about 40 per cent of the company's order book.

Mr. David Waterstone, who became chairman a year ago, said there had been considerable need to change the direction of the company's thinking to help it attack new markets both in the UK and overseas.

Montrose Auction rises to £13,642

Pre-tax profits of Montrose Auction Company, public unquoted livestock concern, rose from £7,270 to £13,642 for the year ended August 31, 1978, on turnover up from £88,882 to £94,236.

And the dividend is increased by the maximum allowed to 10.5p per 75p share against 9.4p last year.

Mr. W. Hynd, chairman, said at the company's AGM that during the year throughput reached a record level of our £4.5m and had been achieved not only by the increased values of livestock, but by a maintenance of numbers of stock despite the general trend.

He added that, on the other side, further inflation costs continued to affect profitability.

Markets for livestock continued to go through difficult periods as a result of subsidised Irish beef imports and unpredictable and uncertain export business for sheep, he stated.

Tax for the year took £6,000 (£3,280) leaving a net profit ahead at £7,642 compared with £3,090. The dividend will absorb £2,058 (£1,842).

As at balance date fixed assets were £12,279 (£11,215) and net current assets £71,458 (£65,981). Total net assets came to £78,751 (£78,167).

A statement of source and application of funds shows a decrease in net liquid funds of £168,575 against a £11,332 increase previously.

The directors state that the present value of the company's property is at least equal to balance sheet figure of £8,919 (£9,383).

LOFS first-half trading loss unchanged at £1.9m

A VIRTUALLY unchanged trading loss of £1.95m, compared with £1.93m is reported by London and Overseas Freighters for the half year ended September 30, 1978. At the attributable level the deficit shows an increase from £1.25m to £1.77m.

The trading result was before taking into account a higher surplus on disposal of vessels of £1.97m against £1.29m. Interest on the compensation stocks amounted to £637,000 (£498,000 dividend from Austin and Pickersgill). The loss was increased by realised losses on repayment of foreign currency loans of £351,000 compared with £498,000.

The group surplus at September 30 had increased from £26.66m to £34.43m, mainly reflecting the additional compensation received of £8.9m in respect of A and P.

No dividend was paid in respect of 1977/78.

The directors state that if group dollar loans (including associates) had been repaid on September 30, 1978 at the rate of $1.9765 to the £ then ruling, the cost attributable to LOF would have been £2.6m more than the book value.

By reason of trading losses and available capital allowances, no corporation tax would be payable by any group company in respect of the results for the six months.

Any capital gains tax liability arising on the nationalisation of Austin and Pickersgill will not arise until the compensation stock is sold and may then be deferred in certain circumstances, the directors point out.

	First half 1978-79 £000	First half 1977-78 £000
Trading loss*	1,951	1,934
Disposal surplus	1,973	1,289
Interest received	324	637
Compensation int.	637	†495
Realised losses	351	498
Interest	1,212	1,039
Loss	520	1,028
Minorities	808	‡199
Associates loss	443	415
Loss attributable	1,771	1,254

* After depreciation £1.65m (£1.33m). † Dividend from A and P. ‡ Loss.

The directors state that the contract for the sale of "London Statesman" for $1.1m was entered into last month, the vessel to be delivered in January 1979. The tanker "London Pride," laid-up since June 1977, is now being put back into service but they say it remains to be seen whether or not freights will be sustained at levels to warrant the continued trading of this vessel.

See Lex

Newall Pref. payment

On December 18 Newall Machine Tool is to pay a dividend of 2.45p net on its 7 per cent preferred ordinary shares.

B. Elliott (which controls Newall) has waived the right to payment on the 120,323 shares it holds, and has also waived its right to a dividend on the 150,000 6 per cent cumulative preference shares, which rank before the 7 per cent cumulative preference.

Davenports second half rise

WITH ALL of the increase coming in the second half, pre-tax profits of Davenports Brewery (Holdings) rose from £1.45m to a record £1.56m for the year ended September 30, 1978, on turnover up from £19.24m to £22.32m.

At the interim stage, with profits unchanged at £0.66m, the directors said they looked to an upturn in economy and an improved summer to boost markets and profitability.

The dividend total for the year is stepped up to 3.09p (2.7671p) net per 25p share with a final payment of 2.21p.

Pre-tax figure was subject to a tax charge of £0.78m (£0.71m) and again there was an extraordinary credit of £6,000 for the period, making the attributable balance £0.78m (£0.74m).

Somic beginning to pick up

REFLECTING ACTIONS taken to reverse the previous year's downward trend when profits fell from £205,476 to £163,591, Somic, the kraft paper spinning and weaving group, expanded taxable surplus from £88,401 to £102,178 for the six months to September 30, 1978. Sales were higher at £1.09m against £1.03m.

The directors say once again various foreign currency fluctuations have been favourable enabling material costs to be contained, however there are signs that this advantageous position could deteriorate.

UK industrial trading remained static during the period but demand for domestic products showed an upward trend, particularly in the last three months.

Substantial expansion of exports remains difficult, but the directors are making extra efforts in a specialised market, and the early signs are "encouraging."

Forecasting the future in the company's type of business has always been difficult, they state, but the current order position is normal and indications are that the present level of activity should continue to the year-end.

After tax of £53,182 (£45,968) stated half-yearly earnings rose from 2.122p to 2.452p per 25p share. The interim dividend is lifted to 0.9528p (0.8662p) net—the previous year's final was 1.4566p.

Midway profit for Smith Whitworth

For the six months ended September 30, 1978, Smith Whitworth has turned in a profit of £83,785, from a turnover of £919,777.

In the comparative period turnover was £1,027,862 and a loss of £16,597 was incurred; the figures included Roevac Automation which was sold to Vickers in January 1978.

The half year's profit included an extraordinary credit of £6,532 (debit £20,327).

Products of the group cover textile and special purpose automation machinery, steel fabrications and rotationally moulded plastics.

Thames boat charges to be increased

THE Thames Water Authority is increasing its boat registration charges from January 1.

The charges apply to boats on the freshwater Thames and have been submitted to the Price Commission. The standard charge is being increased from £1.56 per square metre to £1.74 per square metre.

A bigger increase will be made for hired craft. They were previously charged at an increased rate of two to one, this will now be three to one.

This increase was made following the results of two surveys which showed hired boats passed through locks ten times more than private craft. The authority claimed there was an imbalance and hired craft should bear a heavier charge.

TraveLodge earnings up by 53%

NET INCOME of TraveLodge International, a U.S. subsidiary of Trust Houses Forte, increased from $2.41m to $3.18m in the fourth quarter of 1977-78 taking the total for the year ended October 31 up to $6.3m, an advance of 53 per cent.

On a per share basis, earnings in the fourth quarter were up from $1.12 to $1.48 basic and from $1.01 to $1.32 diluted. For the year the increase is from $1.9 to $2.93 and from $1.78 to $2.68 respectively.

During the year 2,784 rooms were added to the TraveLodge franchise system, bringing the total network to 36,715 rooms.

Recovery at Realty Devt.

By Ron Richardson

HONG KONG, Dec. 4.

CONSOLIDATED net profit of Realty Development Corporation, a publicly quoted property investor and developer in the Wheelock Marden Group, rose 11.7 per cent in the half-year to September 30 to HK$15.46m.

Although the result reversed a downward trend in earnings last year, the directors point out that the gain was largely the result of the inclusion of profits attributable to Wardell Securities which was acquired in an internal group transaction towards the end of the first half of 1978.

Paris Bourse turnover

Turnover on the Paris Stock Exchange declined 24.2 per cent in November to FFr 7.5bn from FFr 9.9bn in October, Agencies report from Paris. For the first 11 months, however, volume was up 72 per cent to FFr 75.6bn from FFr 43.9bn in the corresponding 1976 period. Of the total, trading in Ordinary shares accounted for FFr 41.8bn, or a jump of 106 per cent over the FFr 20.2bn during the January-November period last year.

£2.2m Lakes scheme delayed

A FORMAL application by the North West Water Authority for raising the level of Ennerdale Lake in the Lake District National Park by 4 ft was received yesterday by the special planning Board's development control committee.

The Board is opposed to the £2.2m scheme, but the committee has deferred the matter so it can consult other bodies opposed to it before stating reasons for refusing the application.

Resorts International

The New Jersey Division of Gaming Enforcement will recommend the Casino Gambling Commission to deny Resorts International's permanent licence if the company cannot adequately respond to certain charges, a Resorts spokesman said, reports Reuter from Atlantic City.

Dow plant plan

DOW CHEMICAL UK said yesterday that it would start building immediately a new Styron polystyrene train at its plant in Barry, South Wales. The 50,000-tonnes-a-year facility will be based on Dow's latest Styron manufacturing technology. It is scheduled to start late in 1981, and will replace existing capacity at Barry.

MINING NEWS

Noranda and St. Joe venture into Chile

BY PAUL CHEESERIGHT

THE DEVELOPMENT of Chilean Government policy permitting a private sector presence in mining ventures has come to rapid fruition with disclosures that Noranda Mines of Toronto and St. Joe Minerals of New York will move to development decisions during the first part of 1979 on two significant mineral deposits.

Noranda has completed feasibility studies for the development of the Andacollo copper deposit in Elqui province and has until next March to make an investment commitment. It holds 51 per cent of a joint venture with Empresa Nacional de Minera (Enami), the state mining agency.

St. Joe has announced the presence of a gold-silver-copper orebody, known as El Indio, which is high in the Andes about 300 miles north of Santiago. Engineering and feasibility studies are expected to provide the basis for a development decision early next year.

Both groups signed foreign investment agreements with the Chilean authorities last year, signalling a revival of foreign interest in the country's mineral wealth. Such interest had been at a low ebb following the nationalisation of U.S. copper interests in 1969-71.

The Noranda feasibility studies for Andacollo are based on exploration work carried out over the last 18 months and cover options available for the project depending on differing levels of copper prices.

Mr. Jorge Muxi, the manager of Enami, said, however, that the investment options are only profitable at substantially higher copper prices than prevail at present.

"Noranda Mines has until March 1979 to decide whether it is prepared to invest $330m (£180.5m) in developing the deposit," he said. The project would have an annual output of 70 000 tonnes of copper.

Reserves at Andacollo have been put at 277m tonnes, grading 0.69 per cent copper. They are suitable for opencast mining.

By contrast, the first announcement from St. Joe about reserves at El Indio indicates a much smaller deposit. So far 1.7m short tons of ore grading 0.17 oz of gold per ton, 7.1 oz of silver per ton and 2.25 per cent copper have been delineated. Exploration is developing additional reserves.

At pres ent St. Joe is working out the feasibility of an operation mining and milling 1,000 tons of ore a day. The project is 80 per cent owned by Compania Minera San Jose, a St. Joe subsidiary, and 20 per cent by private Chilean interests.

The lead time at El Indio, from an investment decision to first production, would be between two and three years. At the larger Andacollo project, the lead time would be about four years.

Uranium values encourage Asamera Oil

THE PROSPECTS of establishing the existence of another important uranium deposit in Saskatchewan have been enhanced by the latest drilling results from the Keefe Lake-Henday Lake property. Asamera Oil Corporation, the operator, said from Calgary that it "continues to be encouraged."

Asamera holds 25 per cent of a joint venture at the property. Other shareholders are Saskatchewan Mining Development Corporation with 50 per cent, Kelvin Energy with 6.5 per cent, Reserve Oil and Minerals with 7.5 per cent [illegible] various private interests with the remaining 11 per cent.

What was called "good radioactivity" has been encountered in 24 of 38 holes drilled. So far the zone of interest covers 800 feet by 125 feet. Radioactive intersections have varied from "narrow" to 170 feet.

Assay results have been erratic, varying from 2.6 lbs per ton over an interval of 7 ft to 32.8 lbs per ton over an interval of 20 ft.

The pace of drilling will be speeded up as more rigs become available. A second drilling rig started work recently and two more are expected to begin early in 1979.

Hampton Gold Mining Areas states that the bid approach from the Colonial Mutual Life Assurance Society is wholly unexpected and further clarification of the position is being sought. The Hampton Areas' board is consulting its financial advisers, Samuel Montagu, and in the meantime it strongly urges shareholders to take no action in regard to their shares.

Hampton Areas adds that it was informed on Friday afternoon that Colonial Mutual Life has acquired 724,600 shares (13.9 per cent). At that time it was agreed that a meeting would take place in the early part of this week to discuss the possibility of Colonial Mutual Life making a general offer to all shareholders.

As reported yesterday, Colonial Mutual Life, one of Australia's biggest life assurance societies, has acquired its stake in Hampton Areas from CCP North Sea Associates for 150p a share, a move subject to Exchange Control consents. Hampton Areas rose 10p to 150p in London dealings yesterday.

RTZ TO ACQUIRE GERMAN PLANT

Rio Tinto-Zinc, the London mining group, has reached agreement in principle to buy Duisberger Kupferhutte, the loss-making German metals refining company. The price, officially described as a "nominal consideration," is 1 Deutschemark.

The sellers, or more accurately the willing donors, of DK are the German chemical companies, BASF, Bayer and Hoechst, each of whom holds 31.445 per cent, and Gebrueder Giulini with 4.4 per cent and Henkel with 1.265 per cent.

In the past eight years the workforce at DK has fallen from 4,200 to 1,850. Last year there was a loss of DM 25m (£6.6m).

RTZ is not dismayed at the losses. A spokesman pointed out that DK's business was not unlike that of Capper Pass in the UK and the group fully expected to bring it back to profitability.

Pacific Copper at Torrington

AUSTRALIA'S Pacific Copper (the affiliate of Canada's Pacific Copper Mines) will own 57.5 per cent of the Australian Torrington wolfram project in New South Wales following the purchase of a 10.87 per cent stake from Hampton Areas Australia and the proposed acquisition of a further 5 per cent from Messrs. Gasc and Aratingi.

The remaining ownership of Torrington will be: St. Joe (Torrington), a subsidiary of the U.S. St. Joe Minerals, with 37 per cent and Messrs. G. S. and L. J. Shepherdly holding the remaining 7.5 per cent.

St. Joe is to provide the A$1.5m (£880,000) needed to construct the new plant at Torrington and has also paid A$250,000 to Pacific Copper in reimbursement of the latter's earlier spending on the project.

As already reported, commercial production is scheduled to start next March and a five-year, renewable, sales contract has been negotiated with BOC Minerals, a division of British Oxygen, for the sale of all Pacific Copper's share of the wolfram concentrates.

The deal is stated to allow Pacific Copper to take full advantage of high commodity prices while guaranteeing a satisfactory return at times of depression in wolfram prices.

Meanwhile, Pacific Copper's accounts for the year to June 30—qualified by the auditors—show accumulated losses carried forward of A$761,474, against A$620,512 in 1976-77. But it is stated that since June 30 corporate liquidity has been improved by the placement of 980,000 shares for A$411,600 in addition to the injection of A$250,000 from St. Joe. Pacific Copper shares were 34p yesterday.

Tragedy hits Vaal Reefs

NINE RESCUE teams battled in an effort to reach the men trapped underground at the Anglo American Corporation group's big Vaal Reefs gold-uranium mine in South Africa following the outbreak of a fire in a stope at the No. 8 shaft over the weekend. Of the 120 workers in the area—No. 73 level, which is 8,000 ft underground—41 died.

Attempts to reach the men were called off on Saturday because of the intense heat, dense smoke and danger of rock falls. A total of 80 men escaped from the stricken stope and 223 mineworkers were examined in hospital. Of these 14 were detained, but only three remain in hospital for treatment and their condition is not serious. The mine's total workforce is some 37,000 men.

BIDS AND DEALS

Ladbroke now looking for substantially over £31m

Shares of Ladbroke Group rose 5p to 175p yesterday on the company's statement that 1978 profits "are now expected to substantially exceed £31m."

The announcement was made as a result of the auditor's examination of Ladbroke's earlier £31m profit forecast made last July. The auditors had to verify this forecast in accordance with the City Take-over Code for its offer document for Myddleton Hotels.

Across the board improvements in turnover and margins had been seen, said Mr. Cyril Stein, chairman of Ladbroke, yesterday. But the best gains had come from the hotels, betting and casino divisions.

The provincial hotels had benefited from the development of an accommodation shortage. And the performance of Mercury Motor Inns, acquired last year, had been dramatically improved by increasing tariffs.

The betting division had continued its excellent first half performance, while the casinos had surprised even the management with their good turnover and profits. The widely expected fall-back from the boom period of 1977 had not materialised.

LINTREND IN NEW JOINT VENTURE

Lintrend and the Northern Ireland Development Agency have jointly set up a new company, Lintrend Development (NI), with a capital of £75,000, to develop new fabric finishes and licence them internationally.

The company will invest immediately £80,000 in research into improving the dry crease resistance of linen.

Dr. F. R. W. Sloan has been appointed managing director of Lintrend Development. He pioneered the development of Lintrend's Elite fabric, launched in June, which is a linen with high wet crease recovery—that is, a linen that can be ironed and keeps its shape well.

LOAN FOR PAINT SPRAY MAKER

Industrial and Commercial Finance Corporation has provided a loan of £75,000 for the purchase of an additional factory by Volstatic Holdings, manufacturers of electro-static paint spraying equipment.

The new unit is adjacent to the company's present premises in Stirling Road, Acton, W3, and will provide showroom and office space.

HARTWELLS GROUP

Hartwells Group has agreed to buy heating and plumbing engineers, W. P. Spearman and Christopher Heating, for a sum expected to be just under £115,000. The exact consideration is to be fixed by reference to the net assets of the businesses at November 30, 1978. Payment will be met by Hartwells issuing shares.

The two companies work on private and council housing contracts and installations for local authority schools, hospitals and health centres. They will become subsidiaries of a new company being formed called Hartwells Heating Services.

GIEVES PURCHASES DEPARTMENT STORE

Gieves and Hawkes, a subsidiary of Gieves Group, has acquired the menswear and ladies' fashion business in Malvern known as Warwick House, a department store. The purchase price of the freehold and leasehold properties, together with the goodwill, trading name and fixtures and fittings, amounted to £117,500. Stock and debtors will be purchased at valuation which is expected to be around £180,000.

ICFC BACKING

Industrial and Commercial Finance Corporation has lent £90,000 to Advanced Burglar Alarm (Holdings) to help the company finance its expansion programme, which includes the acquisition of two unspecified small alarm systems companies.

Since 1970 Advanced Burglar Alarm has taken over six alarm companies and restored them to profitability.

Intl. Timber pays £1m for Sadd

Jewson and Sons, the Norwich-based timber and builders' merchant subsidiary of International Timber Corporation, has agreed to acquire the John Sadd merchanting division of Boulton and Paul for £1m.

International Timber has the option of purchasing either with cash or stock units.

The acquisition comprises three branches in Esse, at Chelmsford, Wickford and Maldon, employing 66 people and with annual sales of around £2.5m. These branches will join the existing Jewson and Sons chain of 30 timber and builders' merchants and six scaffolding branches.

SUPRA PURCHASE QUALIFIED

Because Thornton Baker, auditors of Supra Group, have qualified the accounts of the company's latest acquisition, MAS (Manufacturing), an EGM of Supra's shareholders is to be called to approve the purchase.

The qualification appears in the circular detailing the acquisition. Thornton Baker, the group's auditors, say that "we have been unable to satisfy ourselves that the profit and loss accounts and the balance sheet, together with notes thereon, give under the accounting basis stated above," (the historic cost convention) "a true and fair view of the profits for the five years ended December 31, 1977, and of the state of affairs at that date."

MAS, a close company, is a manufacturer and distributor of motor components and replacement parts for motor vehicles. In its 1977 year it achieved pre-tax profits of £130,119, on turnover of £729,080. It showed at that date net assets, excluding deferred taxation of £28,206, of £91,486.

The total consideration of £310,000 for MAS is to be met through the issue of Supra shares.

The main difficulties relating to MAS's accounts are understood to concern its accounting of stock items.

The EGM is to be held on December 20, at the offices of Thornton Baker, Birmingham, at 9.45 a.m.

MIDLAND EDUCATIONAL

The offers by Alfred Preedy and Sons for the three classes of capital of Midland Educational Company have gone unconditional.

Shareholders owning 1,187,358 ordinary and deferred stock units accepted the offers. Preedy owned 84,816 units of each class and these, together with the acceptances, amount to 90.9 per cent of both classes. Holders of 80,318 preference stock units (89.2 per cent) accepted the preference offer. Preedy owned no units of this class beforehand.

The offers remain open for further acceptance.

SAGA BUYS HOTEL

Saga Holidays has arranged to buy the freehold and contents of the 131 bedroom Palace Hotel at Buxton, Derbyshire, from The Palace Hotel (Buxton) for £340,000 cash, payable on completion on December 14.

The hotel, which has extensive conference facilities, will be operated primarily for holidays run by the Saga group.

No clear line from Plantation Holdings

Protracted deliberation by Plantation Holdings and its advisers has brought no clear recommendation on whether shareholders should accept the 64p per share cash offer from Multi-Purpose Holdings Bhd.

"Many and complicated factors" have been considered says Mr. S. W. Livesey, chairman of Plantation Holdings, in his letter to shareholders. But "reactions to the offer must depend to a considerable extent on the personal circumstances of each individual."

Several new pieces of information were available to the Board to help it make its recommendation.

Pre-tax profits in the region of £3.8m (£4½m) have now been forecast for 1978, showing a marked improvement in the second half, as expected.

The question of the Brooklands Estate, whose tin resources the local authorities want to have exploited, is close to being resolved. The Board expects that an agreement will soon be made, providing for the estate to be turned over to mineral exploration gradually over 25 years. This will allow a diminishing part of the estate to continue as a plantation. The land will be sold gradually to Kumpulan Perangsang Selangor Bhd. at M$4,000 per acre.

Furthermore the Malaysian estates have been valued at M$61,104,000 (£13.8m). If this valuation had been included in the December 1977 balance sheet, the net tangible assets would have been increased by 11p to 54.4p, of which 32.4p would have been attributable to Malaysian assets. This valuation was ordered for the purpose of the split of the group into two separate companies.

Despite the extra information available, the Board feels unable to make a clear recommendation. It believes that if the Brooklands Estate agreement were already signed and if the company had already been split into two, then the combined value of the two shares, including the investment currency premium on shares of the Malaysian company, "could well be materially greater than the offer price."

But Mr. Livesey lists seven other factors which shareholders should take into account. Among them Mr. Livesey says that shareholders not resident in the UK or scheduled territories will not receive the investment currency premium: that Multi-Purpose would control both companies leaving other shareholders in a minority position and that the re-organisation is unlikely to be completed before the early summer of 1979.

MIDHURST WHITE

Shareholders in Midhurst White have approved a special resolution giving effect to a scrip issue of ordinary shares, and the conversion of the existing ordinary shares into deferred.

The merchant bank advisers of the Dutch property group NV Beleggingsmaatschappij Wereldhave, which has bid for Midhurst, announce that Wereldhave had acquired from shareholders 7,040,380 ordinary shares and 7,040,380 deferred shares of Midhurst (over 93 per cent of the total share capital of Midhurst).

SHARE STAKES

Toye and Co.: J. B. Hayward and Son (medal specialists) now holds 270,000 shares (12.01 per cent).

Grovebell Group: Soamglow on November 10 bought 50,500 shares. Soamglow is wholly owned subsidiary of an associated company of Sonesta Investments which holds a substantial number of Grovebell shares.

Greenbank Industrial Holdings: H. W. Loveday, director, has bought 100,000 shares increasing his holding to 2,021,997 shares (10.03 per cent).

Sime Darby Holdings: Wee Cho Yaw, director, notifies holdings by companies in which he is deemed to be increased of 1,610,000 shares (previously 1,840,000 shares).

Trust Houses Forte: Kuwait Investment Office has acquired interest in a further 100,000 shares making total 5,580,000 shares (3.54 per cent).

Muirhead: Following the reaching of the age of majority of his children, Sir Raymond Brown's interest is now 454,368 shares (5.4 per cent).

Myddleton Hotels: Town and County Factors, wholly owned subsidiary of Ladbroke Group, holds 320,781 shares.

Bambergers: C. D. Woodburn-Bamberger, L. A. Woodburn-Bamberger and G. E. Ward have disposed of their interests following the International Timber offer.

International Timber Corpn.: C. D. Woodburn-Bamberger, L. A. Woodburn-Bamberger and G. E. Ward have respectively acquired interests in 153,445, 244,816 and 60,434 shares.

J. Saville Gordon Group: Holding of 154,768 shares of F. Allen Rowlands, deceased, has been bought by directors as follows: J. D. Saville 52,384 shares, P. R. Harrison 52,384 shares and J. E. Willetts 50,000 shares. Mr. Willetts' purchase has been already announced.

MFI Furniture Centres: A. C. Southen, director, bought 15,000 shares on November 30. D. R. Hughes, director, bought 5,000 shares on November 27. N. A. V. Lister, director, bought 30,000 shares on November 30.

Finlay Packaging: Northern Bank Pension Trust holds 442,000 shares (5.15 per cent).

Stothert and Pitt: Prudential Group, as a result of recent rights issue, holds 143,000 shares (5.36 per cent).

Davy Corpn.: Prudential Assurance Company, as a result of recent sales, now holds 5,971,400 shares (7.8 per cent).

Globe and Phoenix Gold Mining Company: Rhodesian Railways Contributory Pension Fund has interest in 115,500 shares (13.03 per cent).

A. Arenson (Holdings): P. D. Townshend, director, transferred 16,393 shares to his former wife as part of a divorce settlement. His holding is now 3,133 shares.

Marston Thompson and Evershed: Prudential Group holds ordinary shares amounting to 5.3 per cent.

Cantors: S. C. Cantor, director, has sold 25,000 "A" ordinary shares.

OIL AND GAS NEWS

AAR finds more oil in Indonesia

AUSTRALIA'S AAR has found traces of oil in the Seram area of Eastern Indonesia. The company's Belien "B" exploration well encountered evidence of oil below 536 feet and AAR says that testing is being carried out to ascertain if the indications are of commercial significance.

The well is being drilled under the terms of AAR's production sharing contract with Pertamina, which covers a 30,000 square mile block in the Seram area including the small producing Bula field, and is located 18 km south-south-east of the Bula oilfield.

AAR, which is 83 per cent owned by Australia's CSR, spudded the well on November 25 and is now running casing at a current depth of 800 feet.

A Philippine's-based oil exploration consortium led by Swetden's Salen Corporation will begin its third exploratory drill in the disputed Reed Bank area of the South China Sea before the middle of next year, according to industry sources.

The area, some 330 miles south-west of Manila, is considered by the Philippines as part of its economic zone. It sits on the edge of the disputed Spratly Islands teritories also claimed by Vietnam, China and Taiwan.

When the consortium began its first exploration in 1976, finding quantities of gas and condensate but no commercial oil, China reminded the Philippines of its claims in the area. The U.S. State Department informed Amoco, a member of the consortium, that protection might not be available in the area because of the conflicting claims.

However, the consortium put down another exploratory well last year, again with no success.

Salen is expected to return to the area around May next year, with seismic surveys of the planned drilling area expected to start shortly, possibly before the end of the year.

* * *

Gulf Oil has completed testing a non-commercial gas zone below 17,640 ft in its Hudson Canyon, New Jersey 18-3, Block 837 well.

Additional testing is planned in the upper zones and it is estimated that the programme will be completed in three to four weeks. Total cost of drilling and testing is expected to exceed $13m. The well is located 90 miles offshore Atlantic City, New Jersey, in 349 ft of water.

* * *

AGIP S.p.A. has drilled an oil well in the Adda River Valley, near Milan, to a depth of 7,110 metres, which it claims is a record depth for a European well.

Driling took 370 days according to the company, which is a unit of Italy's state energy group E.N.I.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Chrysler seeks federal guarantees for loans

BY JOHN WYLES

NEW YORK, Dec. 4.

CHRYSLER CORPORATION has graphically underlined its shortage of funds for development by applying for $250m of U.S. Government loan guarantees in connection with the construction of a new manufacturing plant in Indiana.

The application, to an agency of the Agriculture Department, makes Chrysler the second Detroit auto company to seek financial support from the Government. American Motors, the smallest of the Detroit Four, is asking for $109m of federal guarantees from the Economic Development Administration of the Commerce Department.

But there is speculation that Chrysler's bid for assistance may extend beyond backing for its investment in Indiana. Company executives, together with Mr. Felix Rohatyn, a prominent investment banker with Lazard Freres, were meeting today with Mr. Stuart Eizenstadt, the President's assistant for domestic affairs. Among other things, it will be surprising if the company does not stress the strain on its balance-sheet caused by the need to meet Government fuel economy and emission requirements. Management may even be asking for White House backing for the company's request for relief from the fuel standards covering vans and light trucks, which have been set for the 1981 model year.

The Farmers' Home Administration has not yet made a decision on Chrysler's request for loan guarantees covering the Indiana plant which will manufacture transaxles. The company's prospects are not apparently rated highly at the Agriculture Department's agency, not least because $350m of guarantees would eat up to 25 per cent of the agency's guarantee authority, which is dedicated to aiding economic development in rural areas.

Chrysler's hope is probably to obtain cheap money with a longer than normal maturity with the help of the guarantees. Chrysler has to finance $1.25bn of its $7.5bn capital investment programme for the next five years from earnings and loans, and the contribution from profits over the next 12-18 months will probably be non-existent or even negative.

Tender success at United Tech

BY OUR OWN CORRESPONDENT

NEW YORK, Dec. 4.

UNITED TECHNOLOGIES announced today that its $28 a share tender offer had swept in the targeted 17m shares, or 49 per cent of Carrier Corporation.

At the expiry of the 10 am deadline this morning, it appeared that holders of more than 17m shares had been prepared to take the risks attached to the legal thicket in which United's takeover bid is embroiled. The main danger for these stockholders is that Carrier and the Justice Department will succeed in winning a temporary injunction against consummation of the tender offer which could leave the tendered shares tied up indefinitely.

Last Thursday a Federal Court in New York denied applications by Carrier and the U.S. Government for a temporary injunction against the merger pending resolution of the anti-trust questions which both say are involved.

This decision will be appealed over the next few days and Carrier and the Government are expected to seek, at the same time, an order barring United Technologies from paying for the tendered shares and thus completing the transaction.

United said today that it would resist any such application but stressed that it was still bound by an agreement with the Court which issued last Thursday's decision not to purchase the tendered shares before noon on Friday.

With the success of its tender offer, United has clearly won an important initiative which paves the way to complete the acquisition through the issue of some 11.6m of its shares to Carrier stockholders, bringing the total value of the deal to around $1bn.

Lockheed to pay dividend after loan

By Stewart Fleming

NEW YORK, Dec. 4.

LOCKHEED HAS signed a new loan agreement with its bankers which will allow it to pay a dividend for the first time since 1969. The company is presenting the new credit arrangement as further evidence of its improving financial position. The new agreement replaces an unused $200m revolving credit line and a $250m term loan which have helped pull the company through the financial crisis it hit earlier in the decade.

Lockheed had to be rescued from near collapse in 1973, when the U.S. Congress gave the company a $250m loan guarantee. At the root of the company's problems was the financing burden for the L-1011 TriStar programme, and the difficulties Lockheed encountered with the TriStar in the wake of the collapse of Rolls-Royce which supplied the engines.

Lockheed says that the new credit agreement puts the company on a normal financial basis, removing restrictions on its operations which its bank lenders had imposed.

According to Lockheed officials, the new arrangement provides a revolving credit line of $425m that gradually drops to $275m on October 31, 1981. On that date Lockheed has the option to convert the credit to a term loan for the following four years.

Among the changes which the new agreement makes are a reduction in the amount of collateral required by the banks and in the degree of approval they must give for major new corporate projects.

Eurobond base for Morgan Guaranty

BY JOHN EVANS

MORGAN GUARANTY TRUST Company yesterday announced plans to become a major participant in the international bond markets.

It is establishing a London based subsidiary, Morgan Guaranty Ltd., to underwrite and trade in Eurobonds.

The New York bank's plan means that all the big U.S. banks have now established themselves in the Eurobond market, or have well-advanced programmes to expand their bond operations.

Morgan Guaranty hopes to have its own bond operation funtioning by next spring.

The new company is to be formed as a subsidiary of Morgan Guaranty International Finance Corporation, an "Edge Act" company wholly-owned by the bank.

Plans call for the new company to have an initial capital of $10m and a London staff of about 20.

As well as underwriting and trading, Morgan Guaranty Ltd. will be involved in the private placement of debt securities, according to a bank announcement.

The bank's interests in the Eurobond market up to now have been mainly represented in a modest way by Morgan & Cie in Paris, which has co-managed some issues, and by Morgan Guaranty and Partners in Singapore.

Morgan Guaranty originally owned Euro-clear, the global clearance system for internationally - traded securities established in 1968. Ownership subsequently passed to a group of some 120 shareholders in 1972. There was pressure on the U.S. bank at the time by critics who considered control of such a settlement system by a single bank as potentially dangerous.

Morgan Guaranty still retains links with Euro-clear, but on a more distant basis.

The new bond subsidiary should become a member of the system, in the normal course of establishing itself as a market trader.

In recent weeks, it has become clear that several American banks are planning an enhanced presence in Eurobonds for early next year, in addition to Morgan Guaranty's move.

Among these, Bank of America International plans to become an important bond market maker in the very near future.

Chase Manhattan Ltd is reinforcing its Eurobond activities and the American Express group plans to enter the secondary bond markets.

Canada raises extra C$550m

By Victor Mackie

OTTAWA, Dec. 4.

MR. JEAN CHRETIEN, the Canadian Finance Minister, announced details of the Canadian Government's C$1bn re-financing operation, designed to raise an additional C$550m.

Ottawa will offer a bond issue in the Canadian market in three parts, as follows:

- 9.75 per cent bonds due February 1, 1983, at a price of 99¾ per cent to yield about 9.98 per cent to maturity.
- 9.75 per cent bonds due February 1, 1984, at a price of 99.25 per cent to yield about 9.93 per cent to maturity.
- 9.75 per cent bonds due December 15, year 2000, at a price of 98.75 per cent to yield about 9.89 per cent to maturity.

INSURANCE BROKERAGE

Moving overseas

BY DAVID LASCELLES IN NEW YORK

SUDDENLY, it seems, the sedate world of U.S. insurance brokerage is all get-up-and-go. In only six months, the big three brokers have all announced plans to tie up with foreign counterparts, mainly in London, and several smaller ones have done the same. But, while this may seem no more than a game of follow-my-leader, each claims to be doing it for quite different reasons.

Typical was the recent announcement by Alexander and Alexander, number two in the industry, that it planned some kind of link up with the merged interests of Lloyds brokers Sedgwick Forbes and Bland Payne. If it goes through, Alexanders says, it will produce the largest insurance brokerage business in the world. Only weeks before, industry leader Marsh and Maclennan had said it was negotiating a business pooling arrangement with C. T. Bowring, the largest Lloyds broker.

Although this flurry of activity has an air of suddenness about it, its roots go back as far as 10 years, to the days when insurance brokerage began to emerge as an aggressive, growth-oriented business.

The first sign of this was when Marsh and Maclennan went public, and other brokers followed suit, bringing a big shakedown as large companies bought up smaller ones, and others merged their businessses. Competition became intense, partly because the public companies set themselves high earnings targets to boost the value of their shares, partly because the industry came to be run by professional businessmen rather than the brokers themselves.

But by the 1970s, the scope for expansion within the U.S. for giants like M and M (whose revenues this year will be in the region of half a billion dollars), had become limited both by lack of room and the growing dangers of anti-trust accusations. So it was natural that further growth would have to take place abroad.

Many of the larger companies had already moved overseas, mainly in the wake of their U.S. clients, and all, of course had links with Lloyds brokers since this was where most of their business went. But the trend now shifted to gaining footholds in foreign markets.

As Mr. Jack Regan, chairman of M and M said "in 1970, we took stock of our international business. Before then we referred our clients to correspondents if they went abroad. But this did not swell our business. So we decided to establish our own foreign operations."

M and M did this by taking a stake, usually 30-49 per cent, in a brokerage house in the country where it wanted to go. But other brokers took a different approach. Alexanders went for joint ventures with local brokers, some even set up their own operations from scratch. But the result was the same: U.S. brokers rapidly began to appear wherever there was business to be had.

But Britain, because it had Lloyds, was different. It was a far harder market to break into and Lloyds rules placed limits on the involvement of foreign brokers. As a result, most U.S. brokers had to be content with establishing a limited presence, or setting up special, sometimes exclusive, arrangements with Lloyds brokers.

But there was a marked lack of logic, if not fairness, in this state of affairs, since U.S. brokers brought by far the largest volume of foreign business to Lloyds. And though the Americans do not like to insist on this point, it began to chafe.

A shift finally came earlier this year when Frank B. Hall, the third largest U.S. broker, won Lloyds approval for a takeover of brokers Leslie and Godwin, provided the Lloyds business was handled by a separate subsidiary. It was in the wake of this development that M and M and Alexanders moved too.

But, apart from moving closer to the heart of the insurance world, what were their motives? Quite different, as it turns out.

Mr. Albert Tahmoush, chairman of Frank B. Hall, stressed his company's desire to become more international by expanding its marketing and service facilities. He said, "Leslie and Godwin, which is a full service company, has particular expertise in pension schemes and reinsurance, which are two lines of business that we have been expanding."

By contrast, Mr. Regan said he viewed M and M's move as aiming for "vertical rather than horizontal" expansion. He explained that his company wanted to move closer to what he termed the wholesale market for insurance, and this only really exists at Lloyds. But he added that as suppliers of 10-15 per cent of Lloyd's total business, M and M wanted to be there "in a meaningful, useful and acceptable way."

Meanwhile, over at Alexanders, Mr. Jack Bogardus, the chairman, said the motive was to strengthen the company's overseas presence to serve its multinational clients, particularly in places like the Middle East where the Lloyds firms he wants to link up with are strong.

"We believe our overseas presence is satisfactory," he said, "but this was an opportunity to enhance it. This will give us a great deal of strength around the world."

The common theme at all three, though, is expansion, a fact which some people in the U.S. insurance brokerage business view with dismay, since it seems to put professionalism in second place.

One of them is Mr. Richard Purnell, chairman of Johnson and Higgins, a large but privately-owned insurance brokers which tries to cultivate the profession's traditional virtues. He argues that the publicly quoted brokers are under constant pressure to grow and rationalise their operations, and this is bound in the end to reflect itself in the quality of their services.

In contrast to the Big Three's ultra modern headquarters, Johnson and Higgins Wall Street offices are more like a London club with antique furniture and deep leather armchairs.

"We have developed our overseas business on the basis of exclusive relationships with brokers abroad," Mr. Purnell said. "It has taken us years to build this up, but we believe it provides the best service." He added that there were no plans to alter Johnson and Higgins' long-standing exclusive relationship with its Lloyds brokers, who are Willis Faber and Dumas.

1977 ($m)	Revenues	Earnings
Marsh and MacLennan	415.2	56.1
Alexander and Alexander	219.4	28.5
Frank B. Hall	149.2	18.1
Johnson and Higgins†	215	n.a.

† Not a publicly quoted company. Revenues estimate from Business Insurance, August 7, 1978.

Foreign business has become essential to the U.S. insurance broking industry, and recent developments in this field only underline the significance of a longer term trend. In the UK, approval by Lloyd's for the recent takeover of a UK broker has stimulated further interest by U.S. houses.

EUROBONDS

West LB withdraws DM 50m issue

By Francis Ghilès

WESTDEUTSCHE Landesbank postponed a DM 50m issue for an unknown European borrower yesterday but Deutsche Bank, meanwhile, went ahead with a DM 60m seven-year issue for Nordic Investment Bank. (Other terms include a coupon of 6¼ per cent and a price of 99.) One can only speculate as to the exact reasons of Westdeutsche Landesbank's decision.

The DM sector has been suffering from slight indigestion for some time now and the heavy calendar of new issues announced three weeks ago (DM 1.6bn in the six weeks to Christmas) was not welcomed by many German bankers. Many bonds issues are not being easily placed: banks are understood to be carrying a lot of paper on their own books.

Last week Deutsche Bank offered two issues in the market, one for Brazil and the other for Oesterrichische Kontrollbank with coupons higher than many bankers had expected, thus forcing Westdeutsche Landesbank to increase the coupon on the Occidental issue it had launched the week before and which it was about to price. Despite seeing its coupon increased by a quarter of a point to 6¾ per cent (the pricing was at par as indicated), the Occidental bonds were trading at a discount of 1¼ points yesterday.

Meanwhile, in pre-market trading, the two issues being arranged by Deutsche Bank were being quoted at smaller discounts than that for Occidental. There was some speculation that the unknown borrower Westdeutsche Landesbank was planning to bring to the market may not have wished to pay a higher coupon than that originally proposed.

In the secondary market in the DM sector, trading was described as quiet with prices unchanged.

In the dollar sector, the Bank of Baroda (London) has just completed an issue of $20m in floating rate certificates of deposit maturing in 1981. The lead manager was Citicorp.

With demand from borrowers to float Swiss franc-denominated bonds tailoring off, only one new issue is expected to be confirmed before the end of the year: indicated terms for the SwFr 100m [illegible]-year bond for the Council of Europe include a coupon of 4¼ per cent and an issue price of par. Lead manager is Banca del Gottardo.

Profits rise by 28% at Petrobras

By Diana Smith

RIO DE JANEIRO, Dec. 4.

SHOWING NET assets of Cr 210.346bn ($10.5bn) on September 30, 1978, compared with Cr 135.341bn ($6.7bn) on the same date last year, the consolidated results of Brazil's giant oil monopoly, Petrobras, show that the conglomerate is still growing, spreading its operations from importing, refining, drilling, producing and distributing oil, to petrochemicals, fertilisers and mining.

Consumption of derivatives rose by 7.8 per cent to September 30 (7.2 per cent more petrol, 9.5 per cent more fuel oil). Meanwhile Petrobras's net sales reached $5.9bn, compared with $4.3bn in the first nine months of 1977, 41.8 per cent nominal growth that kept about 5 per cent ahead of local inflation.

Net profit, meanwhile, rose from Cr 13.208bn ($660m) on to Cr 16.928bn ($846m)—a 28.2 per cent increase.

In the first nine months of this year, Petrobras invested Cr 31.195bn ($1.6bn) in its operations—54 per cent more than in the first nine months of 1977. Direct investment in drilling ($710m) absorbed 44.4 per cent of all investment, with the Campos offshore basin off Rio de Janeiro State's coast, taking priority in the rush to produce domestic oil. At the moment, Brazil produces 165,000 bl of crude a day—and consumes almost nine times as much.

This is reflected in the import crude bill, totalling $2.988bn in nine months.

Profitability on net sales for the nine month period equalled 14.1 per cent compared with 15.6 per cent for January-September 1977. Net asset value per share, meanwhile, rose from Cr 2.60 (U.S. cents 13) in September 1977 to Cr 3 (U.S. cents 15) in September 1978.

Low rates for small concerns

By Our Own Correspondent

NEW YORK, Dec. 4.

REACTING TO the sharp rise in interest rates, Manufacturing Hanover today announced a special loan rate for small businesses set at 1½ per cent below the prime rate.

The Bank said the rate, starting on December 12, will apply to loans aggregating $500,000 for customers with assets of $1.5m or less.

A spokesman said the rate was designed to help small concerns finance their normal business requirements. "We have a traditionally strong position in this market" he said "and we believe it will be helpful to our customers and to New York."

The move, which follows similar rate cuts at Boston and Pittsburgh banks, was believed to be the first by a major New York bank, prompting speculation that other banks in the City would follow suit.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on December 4

U.S DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	95¾	96¼	0	+0¼	[illegible]
Australia 8.45 83	175	97¼	97¾	+0¼	+0¼	9.39
Australia 9¼ 83	75	98¼	99¼	+0¼	−0¼	9.43
Beatrice Foods 7⅞ 83	100	95¼	95¾	+0¼	+0¼	8.97
CECA 8¾ 87	[illegible]	95¼	96	+0¼	+0¼	9.44
CECA 9 85	[illegible]	98	98½	+0¼	+0½	9.21
CECA 9½ 86	[illegible]	99¼	99¾	+0¼	+0¼	9.30
CNT 9 85	75	96¾	97¼	[illegible]	[illegible]	9.39
Canada 8 83	250	95¼	95¾	−0¼	−0¼	9.46
Canada 9.30 83	[illegible]	94¼	95¼	−0¼	−1¼	9.41
Canada 8¾ 85	250	94½	95¼	+0¼	+0¼	9.39
Canada 9 83	400	99¼	99¾	+0¼	−0¼	9.38
Canada 9½ 98	[illegible]	100¼	100¾	+0¼	−0¼	[illegible]
Canadair 8½ 83	70	96¼	96¾	+0¼	+0¼	9.49
Dominion Bridge Co. 9 [illegible]	25	94¼	95¼	+0¼	+0¼	10.03
EIB 9½ 98	125	97¼	98	+0¼	−0¼	9.59
Eksportfinans 9 88	50	97¼	97¾	+0¼	[illegible]	9.44
Finland 8¾ 83	100	97¼	97¾	−0¼	−0¼	9.70
Finland 9 88	100	96¼	96¾	+0¼	−0¼	[illegible]
Hospital O/S 9 83	25	96¼	97	+0¼	+0½	9.27
Itel Finance 9¾ 88	25	95	95½	+0¼	+0¼	10.56
Itel Finance 9¾ 90	20	93¼	93¾	−0¼	+0¼	11.04
J. C. Penney 8½ 83	100	97¼	97¾	0	+0¼	9.20
Mac Bloedel 9¼ 85	[illegible]	97¾	98¼	0	+0¼	9.48
NZ Dev. Fin. 8¾ 83	[illegible]	94½	95	+0¼	+0¼	9.59
NZ Dev. Fin. 8¾ 83	[illegible]	94¼	94¾	−0¼	+0¼	[illegible]
Nat. West. 9 86	75	98	98½	+0¼	+0¼	9.31
Newfoundland 9¾ 90	50	98¼	98¾	+0¼	+0¼	9.45
Nord Inv. Bk. 9¾ 86	25	96¼	97¼	+0¼	+0½	9.22
Norges Komm. 9½ 86	75	97¾	98¼	+0¼	0	9.57
Norway 7¾ 83	250	94¼	94¾	+0¼	+0¼	9.40
Norway 8¾ 83	150	97¼	98¼	+0¼	+0¼	9.47
Occidental 8¾ 83	75	92¼	93¼	+0¼	+0½	10.39
Ont. Hydro 8¾ 88	125	95¾	96¼	+0¼	+0¼	[illegible]
Quebec Hydro 9¾ 83	50	99¼	99¾	+0¼	+0¼	9.53
Sweden 9¼ 88	125	98¼	98¾	+0¼	+0¼	9.64
UK 8¾ 83	200	96¼	96¾	+0¼	−0¼	9.47
UK 8⅞ 93	150	97	97½	+0¼	−0¼	9.42

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5½ 88	15	96½	97¼	−0¼	−0¼	6.28
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Olympus Optical 3½ 85 DM	2/79	783	98¼	99¼	+0¼	[illegible]
Ricoh 3½ 85 DM	10/78	637	103	104	+0¼	16.79
Sankyo Electric 3¾ DM	8/78	864	115	117	−0¼	16.32
Sanyo Electric 3½ DM	11/78	295	92¼	93¼	−0¼	8.26
Seiyu Stores 3½ 86 DM	9/78	1275	112¼	113¼	+0¼	−7.78
Stanley Electric 3½ DM	11/78	625	97¼	98¼	+0½	12.49
Trio-Kenwood 3½ 86 DM	11/78	713	93¼	94¼	0	16.48

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Swiss fund forced to reduce dividend

By John Wicks

ZURICH, Dec. 4.

OPERATIONS of Credit Suisse Fonds-Bonds, an international bond investment fund run by the Zurich bank Credit Suisse, have been severely affected by the strength of the Swiss franc. A fall in earnings per certificate from SwFr 4.80 to SwFr 3.49 in the year ended October 31 has led to a reduction of dividend per unit from SwFr 4.65 to SwFr 3.45.

The fund, whose certificate price dropped from SwFr 73.80 to SwFr 61 over the year, took in less in terms of Swiss francs from existing investments, as well as shifting part of its portfolio into harder-currency securities with lower coupons.

New investments were made in D-mark, guilder and Swiss-franc bonds while holdings in Australian dollar bonds and U.S.-dollar convertibles were reduced. Almost 30 per cent of fund holdings are now denominated in Swiss franc securities, 25 per cent each in D-mark and U.S. dollars and 10 per cent in guilders.

At the same time, the bank's international share fund Credit Suisse Fonds International booked a drop in per-certificate earnings from SwFr 2.10 to SwFr 1.83 and is to pay a lower dividend of SwFr 1.85 against SwFr 2. The issue price of certificates fell from SwFr 63.75 to SwFr 52.75 after a year marked by monetary developments and unsteady stock-market conditions in the U.S. and Switzerland.

Share holdings were slightly reduced and liquid assets increased. The position of Swiss stock in the portfolio was raised to 20 per cent, that of Germany to 11 per cent and the Dutch share to 4 per cent.

At the same time, the U.S. stake dropped to 24 per cent and the Japanese and Canadian shares to 7 and 2 per cent respectively.

Chemical, machine - building, tobacco and oil shares were sold and the proceeds used partly for new investments in insurance and bank stock.

Pernod-Ricard sales up

Consolidated sales of Pernod-Ricard, aperitif and soft drink concern, improved to FFr 2.993bn from FFr 2.745bn for the first nine months of 1978. Holding company income was FFr 140.4m compared to FFr 129.2m, AP-DJ reports from Paris.

GERMAN COMPANIES

Thyssen sees flat trend at home

BY JONATHAN CARR

BONN, Dec. 4.

THYSSEN, the diversified steel group which is West Germany's largest producer, describes profits for the year ended September 30 as "insufficient" on its domestic companies where sales fell by 2.5 per cent to DM 19.2bn ($9.9bn).

But Thyssen's newly-acquired American subsidiary, the Budd Company of Michigan, is performing well and its contribution brings total Thyssen world sales to DM 23.4bn ($12.1bn). A big investment programme is underway—and Thyssen stresses it still sees big sales chances for it steel, provided uncompetitive divisions, above all in the mass steel sector, can be further cut back.

The company does not specify its profit figure and gives no hint of the size of the dividend, saying only that this will be decided by the supervisory board at the end of January. In 1976-77, Thyssen made net profits of DM 145m against DM 275m a year earlier and paid an 11 per cent dividend—a result widely considered respectable in view of the deep recession of the steel industry as a whole.

The 1977-78 year began with a dismal first quarter, improved greatly in most sectors in the next half year, then deteriorated somewhat again in the final quarter.

Although steel deliveries increased in quantity, steel sales were down by 1 per cent. The main exception was the special steels sector, where sales were up by 1 per cent. Crude steel production was down to 12.1m tonnes against 11.7m tonnes in 1976-77, but rolled steel production was up to 10.7m tonnes from 10m tonnes before.

Further, sales of Thyssen's railway locomotive and carriage construction division were up to DM 334m from DM 292m. But shipbuilding activity, as expected, was markedly down.

The Thyssen group order intake increased by 7 per cent to DM 20.4bn, thanks to several large individual orders for investment goods. But the latter take a long time to make their impact on sales, and turnover of the Thyssen investment goods division was down by 4 per cent against 1976-77.

Thyssen's investment in 1977-1978 totalled DM 1.2bn. Of that figure, DM 761m was fixed asset investment and DM 411m on the finance side, most of it for the Budd acquisition.

Current plans call for investment of more than DM 2.1bn over the next few years—mainly for modernisation, rationalisation and quality improvement.

Degussa earnings satisfactory

BY OUR OWN CORRESPONDENT

BONN, Dec. 4.

PROFITS of Degussa, the Frankfurt-based metals and chemical business, declined in the year ended September 30, but according to the company, can still be described as satisfactory. Last year Degussa net profits totalled DM 36m and a 17 per cent dividend was paid.

Thanks to its precious metals business, which increased both in value and quantity, Degussa parent company turnover increased by 12.7 per cent to DM 4.2bn. Domestic sales were up by 6.5 per cent to DM 2.2bn and export sales by 20.5 per cent to DM 2bn.

However, if precious metals are excluded from these results, then Degussa parent turnover dropped by 4.3 per cent against 1976-77. This meant lower use of capacity in the chemicals division and rising unit costs which could only partly be passed on in higher prices.

Degussa group turnover, including foreign subsidiaries, increased by 13.8 per cent to DM 5.1bn. Fixed asset investment was up to DM 92m from DM 79m a year earlier, most of it in the chemicals sector.

Brown Boveri, the Mannheim-based affiliate of the Swiss electrical engineering group, expects profits for 1978 to be similar to those of last year on sales unchanged at about DM 3.8bn.

The company reported that in the first 10 months total consolidated sales had risen by 14 per cent, based on an increase of 48 per cent in foreign turnover but a drop of eight per cent at home. Sales of plant were alone responsible for the increase. However, various unspecified delays on several big projects meant the sales result for the year as a whole would be similar to that of 1977.

Investment of around DM 180m is planned in 1979, about the same figure as this year.

L'Oreal to step up dividend payment

BY OUR OWN CORRESPONDENT

PARIS, Dec. 4.

FRENCH cosmetics groups L'Oreal has backed up its recently announced rights issue with optimistic forecasts and the promise of a sharply higher dividend.

The company is raising a total of FFr 394m ($89m). The shares are being offered to shareholders at FFr 500 each on the basis of one for four already held. More than half is due to be subscribed to by Gesparal, the company which holds just under 55 per cent of the existing capital.

The net dividend, payable on new shares as well as old, is to be raised from FFr 10.95 to FFr 15.

For this year, the company expects net profit to exceed its earlier forecast of FFr 200m, an increase of over 40 per cent following a drop of nearly 30 per cent last year. Group turnover is expected to show a rise of 16 per cent to FFr 5.5bn.

These forecasts confirm the trend of the first half of the year, when net earnings rose by a third of FFr 101m after a 15 per cent growth in sales.

The company said its profits recovery was largely due to the performance of its mainstream perfume and cosmetics interests and improvements in some loss-making subsidiaries. Its Italian offshoot Saipo was still making a loss, but this was reduced from last year's FFr 29m.

Optimism about further growth was based on the group's record abroad, where its subsidiaries include Golden of the UK and where sales have outstripped domestic turnover. Expansion would be concentrated in new markets such as Japan, Australia and Latin America.

● Merlin Gerin SA expects to increase net profit this year and to pay a dividend at least as high as last year, Reuter reports from Paris. In 1977, the company paid a dividend of FFr 18, against FFr 14.40, on a profit of FFr 31.4m compared with FFr 22.6m.

Merlin Gerin plans to invest FFr 225m in 1979 and 1980 compared with FFr 230m in the three years up to and including 1978.

Air Liquide in talks

Societe l'Air Liquide has denied French press reports suggesting that Arab interests had purchased a block of shares at the Paris Stock Exchange. However, a company official conceded that talks for the sale of Air Liquide shares to unidentified Arab interests had failed, AP-DJ reports from Paris.

The spokesman pointed out that the company was aware of a block of shares changing hands but couldn't identify the buyers.

Belgian group to hold payout

BRUSSELS, Dec. 4.

THE DIVIDEND of Societe Generale de Belgique SA's should this year not be lower than the BFr 140 a share paid in 1977, the holding company's president, Paul-Emile Corbiau, told the annual meeting today.

Income from the holding company's subsidiaries will show a slight rise this year thanks to the financial and service sectors. Most other sectors, especially steel and non-ferrous metals, are affected by "difficult economic conditions."

Despite the signs of recovery among Belgian's recent economic indicators, "nothing shows that Belgium is on the brink of its expected recovery or that the economy has again found a satisfactory level of activity."

As for the subsidiaries, the completion of installations for the treatment of nickel-ferrous metals at Metallurgie Hoboken-Overpelt is forecast for the first half-1980.

Reuter

Israeli issue ruling

The Israel Stock Exchange has decided that all future issues may not consist of more than three different types of securities offered in the same prospectus or in the units offered, writes L. Daniel from Tel Aviv. Nor may any such issue comprise more than one type of option.

Nippon Electric merger

Electronic Arrays shareholders approved the merger of the company into Nippon Electric of Tokyo for about $9.0m, AP-DJ reports from Mountain View. Electronic Arrays makes large-scale integrated semiconductor circuits. Nippon Electric makes telecommunications and electronic products.

Creusot-Loire plans further lay-offs

By David White

PARIS, Dec. 4.

THE LIST of planned redundancies at Creusot-Loire, the loss-making steel and engineering group which belongs to the Empain-Schneider empire, passed the 1,000 mark at the weekend.

Following the recent announcement of 750 lay-offs at the company's Rive-de-Gier steelworks in the Loire district, some 400 more jobs are now expected to be shed at three other branches—metallurgy, energy and railway locomotives.

The fresh round of job reductions will be mainly carried out by early retirement, and unions have expressed fears that similar measures might be applied in other parts of the group, which employs just under 30,000 people.

At Creusot, where much of the group's activity is concentrated, a further 600 jobs would be affected if the early retirement principle were applied throughout.

Last year Creusot-Loire suffered a consolidated loss of FFr 222m ($50m), 10 times the previous year's figure.

By contrast, another part of the Empain-Schneider group, the heavy electrical concern Merlin-Gerin, said it expects to better its 1977 profit figure of FFr 31m after a 14 per cent increase in turnover this year. Sales last year were FFr 1.8bn.

M. Jean Vaujany, the chairman, said in a letter to shareholders that the FFr 18 dividend should be at least maintained on increased capital.

Merlin-Gerin, in which Empain-Schneider has a 33.5 per cent blocking interest, is currently raising FFr 52m by a one for four rights issue, offering new shares at FFr 240 each. Empain-Schneider would subscribe to the increase but would not raise its direct stake, he said.

It was above all the export market which came to Merlin-Gerin's rescue. Exports last year made up 33 per cent of total turnover, compared with 22 per cent in 1973, when the company made a small profit of FFr 4m. The launching of new products, reorganisation within the group and tighter management policies had contributed to the improved performance since 1975, M. Vaujany said.

The company was planning a FFr 358m investment programme for the next three years, largely directed at further expansion abroad.

Amsterdam Stock Exchange delays expansion plans

BY CHARLES BATCHELOR

AMSTERDAM, Dec 4.

THE Amsterdam Stock Exchange today announced that it will delay plans to expand trading until a new scale of commission fees has been worked out. The Stock Exchange originally planned to double the number of stocks which could be traded throughout the entire trading day to 40, and to extend the number of shares and bonds which could be traded in pre- and after hours activity from next month. This is not now expected to happen until the second half of 1979.

The study of a new scale of commissions is taking longer than expected, a Stock Exchange spokesman said. A confidential interim report has thrown up more questions than anticipated. Once the association is satisfied with the new commission structure, it must be approved by the Finance Minister, and the Stock Exchange has no control over how long this will take.

The new commission structure will set the level of fees to be charged by the different categories of member-banks, brokerage houses and jobbers. It is also thought likely to include an increase in the fees for small transactions, which at the moment frequently do not cover costs.

The aim of the expansion of trading on the official exchange is to establish the bourse firmly as the central market place for securities business, and to curb the amount of out of hours business, which is believed to be considerable.

The Stock Exchange announced a high turnover in November, despite the generally quiet trading conditions. Turnover of stocks and shares totalled Fl 3.47bn ($1.65bn), slightly lower than the Fl 3.56bn in October but higher than the Fl 3.16bn in November 1977. Volume was 21 per cent up in the first 11 months at Fl 40.4bn ($19.2bn).

Moves to end financial dfficulties at Olympic

BY OUR OWN CORRESPONDENT

ATHENS, Dec. 4.

OLYMPIC AIRWAYS has announced a series of measures meant to extricate the state-run Greek airline from its financial difficulties and keep it airborne.

According to a statement by the Minister of Finance, Mr. Athanassios Canellopoulos, the company will show a deficit of drachmas 46m ($1.2m) this year and expects this to worsen to drachmas 613m ($17m) in 1979. The company claims that continuous demands by its 7,000 personnel for increased wages and fringe benefits are mainly to blame for the situation.

Staff expenditure this year will amount to drachmas 4.828m ($134m) accounting for 45 per cent of total expenditure, the company points out.

The airline's pilots, flight engineers and air hostesses and stewards had been given until November 20 to accept a two-year moratorium on wage claims. Last week pilots agreed to shelve their demands for two years and works without receiving special allowances. Their action is expected to save the company drachmas25m ($700,000) annually.

Analysts oppose Volvo deal

OSLO, Dec. 4.

NORWEGIAN FINANCIAL experts cannot recommend the Norwegian purchase of a 40 per cent stake in the Swedish Volvo AB car company because the Norwegian capital market is too small. The financial analysts society said in a report that the capital aspect of the deal is underestimated, and the capital market could not meet th planned private subscription of stock in Norsk Volvo AS.

This assessment concerns the stock subscription in general as well as the envisaged emergency solution, approved by the Government, which provides for three of the main commercial banks to guarantee that the privately-held sheres are sold to other banks, insurance companies and other enterprises.

Reuter

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Wormald and Ansul in A$50m deal

BY JAMES FORTH — SYDNEY, Dec. 4.

WORMALD INTERNATIONAL, the leading fire protection and security group, plans a significant move, into the U.S. market with the A$50m (U.S.$56.8m) acquisition of the Ansul Company of Wisconsin. Wormald already owns 1.5 per cent of the shares of Ansul common stock and has reached understandings with major shareholders in favour of a merger, and who represent more than 20 per cent of the outstanding stock. Ansul heads the U.S. market in its high technology field.

The U.S. group specialises in the manufacture and sale of a broad range of high risk and high hazard fire extinguishing equipment, including nuclear power plants, nuclear submarines, and activities related to the petroleum industry, such as protection of offshore oil rigs and liquefied natural gas plants.

Ansul's current annual sales are more than U.S.$80m with after tax net earnings of more than U.S.$4m.

The deal was announced in the U.S. today by Mr. John W. Utz the chairman and chief executive of Wormald, and Mr. Terrell L. Ruhlman, the president and chief executive of Ansul. They said the companies had entered into a merger agreement which had been approved by the boards of both companies. Ansul shareholders would receive the U.S. dollar equivalent of approximately A$24 in cash for each share of Ansul common stock. The total consideration was about A$50m, which was slightly below the net tangible asset value of Ansul.

The merger would be subject to the approval of Ansul shareholders, the Reserve Bank of Australia, and compliance with regulatory requirements and requisite consents.

The acquisition is expected to be completed by February, 1979. It will be financed by Wormald's available funds and U.S. dollar loans currently being negotiated.

Although Wormald has retained earnings of around A$20m and recently announced moves to raise almost A$15m through a rights issue, the company plans to raise about two-third of the necessary funds through the U.S. dollar loans, including a syndicated Euro-dollar issue.

The Ansul acquisition is the biggest overseas expansion by Wormald since 1976 when it acquired the UK based Mather and Platt for about A$35m. Wormald has been interested for some years in breaking into the U.S. market in a significant way.

Mr. Utz said that Ansul would continue to operate as a separate entity with its present management.

Wormald was advised by the New York Investment Bank; Kidder Peabody and Company.

NZ Forest Products downturn

By Our Own Correspondent

SYDNEY, Dec. 4.

TRADING PROFIT of NZ Forest Products plunged by 70 per cent from NZ$13.9m to NZ$4.1m (U.S.$4.3m) in the first half. But the combination of a future tax benefit and a change of accounting policy to include unrealised foreign exchange gains resulted in the company declaring a net result of NZ$7.9m or 31 per cent below the NZ$11.5m earned in the same period of last year.

The result was after inclusion of future tax benefits of NZ$2.2m compared with a tax provision of NZ$2.4m in the first half—to September 30—last year.

The tax benefit largely relates to incentives aimed at increasing export sales. The directors have included unrealised exchange gains of NZ$1.6m, but because gains or losses are not realised until the loans are repaid the amount will be held in a reserve account and regarded as not available for distribution.

The directors said that sales for the half-year were down in some areas, but overall receipts were in line with budget expectations and slightly ahead of those for the first six months of last year.

Rising costs in New Zealand contributed to the lower results, as did the continuing depreciation of the U.S. dollar.

On present indications, the company said, the second half would be better than the first six months, although total profit was expected to fall short of the NZ$20.5m earned in 1977-78.

Subject to the country's Supreme Court approving previously announced plans to convert the company's preference shares, the directors have declared an interim dividend of 7 cents a share. It is intended to pay this from the share premium account, which should be tax free in the hands of individual New Zealand residents, rather than from profits.

Guthrie transfers Malaysian plantation company to Ropel

BY WONG SULONG — KUALA LUMPUR, Dec. 4.

GUTHRIE CORPORATION has announced the second phase of its Malaysianisation plan under which it will transfer another of its plantation companies to Guthrie Ropel, the Malaysian company which is 60 per cent owned by Guthrie.

Under the plan, Guthrie, which owns 150,000 acres of rubber, palm oil and tea estates in Malaysia, intends to transfer these estates to Ropel in stages, so that by 1990, Ropel would own the whole of the Guthrie estates in Malaysia while Guthrie would continue to hold 60 per cent of Ropel's equity. The remaining 40 per cent would be held by Malaysians.

For this purpose, the estates of Guthrie are being held by six Malaysian incorporated companies in roughly equal proportions. Under the second phase, Kumpulan Temiang, with nearly 22,600 acres, would be transferred to Ropel.

The merger of Temiang and Ropel would be effected by the issue of 26,352,941 shares of one ringgit each in Ropel to Guthrie.

Guthrie says it intends to offer 10m of the new Ropel shares it would hold to Malaysian investors at 1.60 ringgit each, with a large percentage of these going to Malays.

After the merger, Ropel's issued capital would be increased from 56m ringgits to 82.35m ringgits.

The pre-tax profits for Ropel and Temiang for this year are expected to be not less than 11.75m and 5.5m ringgits ($5.3m and $2.5m) respectively, and a final dividend of 10 per cent is expected to be given out on the enlarged capital of Ropel.

Bushells Investments up

BY OUR OWN CORRESPONDENT — SYDNEY, Dec. 4.

BUSHELLS INVESTMENTS, the tea and coffee group which is in the midst of an A$34m takeover bid by Brooke Bond Liebig of the UK, more than doubled profit from A$1m to A$2.3m (U.S.$2.6m) in the six months to September 30.

The increased result reflected much higher consumer demand following lower tea and coffee prices during the period. The directors said that comparison with the previous period was distorted because of the peak prices for coffee and tea which prevailed last year and which resulted in consumer resistance.

The Federal Government recently agreed to a takeover bid for Bushells by Brooke Bond with the life office, AMP Society taking a 25 per cent interest in Brooke Bond's Australian operations, together with a commitment to increase the local equity to at least 51 per cent within 3 to 5 years.

Kowloon tunnel advances

BY RON RICHARDSON — HONG KONG, Dec. 4.

NET PROFIT of Cross-Harbour Tunnel Company, operator of the four-lane tunnel under Hong Kong harbour connecting Kowloon with the central business district, rose by 25.9 per cent in the half-year to September 30 to HK$51.42m (U.S.$10.7m).

The advance lagged fractionally behind the increase in vehicular traffic during the period which saw the 100 millionth vehicle pass through the tunnel since its opening in August, 1972.

Because of the rapid growth in traffic, the company has commissioned a study by consulting engineers Scott Wilson Kirkpatrick and Partners into the feasibility of expanding the capacity of the tunnel. The report is expected to be completed by the end of the current financial year.

High payout by Otis

BY JIM JONES — JOHANNESBURG, Dec. 4.

OTIS ELEVATOR, the 70 per cent-owned South African lift manufacturing subsidiary of United Technologies of the U.S., continues to reduce its South African exposure through high dividend declaration and, thus, remittances overseas.

In the 14-month period to November 30, with taxed earnings of R6.1m ($6.9m), the company has declared dividends totalling R7.5m. Earnings in the previous 12 months totalled R4.6m.

Otis's reason for this level of distribution is that the South African operation is highly liquid. At November 30, cash balances of about R8m were held compared with an issued share capital of R1.7m. Theoretically, the company could declare dividends of about R6m in excess of earnings, equivalent to the distributable reserves reported in its last balance sheet.

But only five months ago, the newly-appointed managing director, Mr. Brian King, said that the company's liquidity indicated potential growth through acquisition.

Otis, he said, would not be adverse to using paper for acquisitions.

Goodyear Estates lifts profit

By Our Own Correspondent

HONG KONG, Dec. 4.

CONSOLIDATED net profit of property developer, investment house and financier Goodyear Estates almost doubled in the year to June 30 to HK$7.57m (U.S.$1.6m). This finally ended a long slide which saw the company's earnings fall from HK$19.25m in the year after its stock exchange listing in 1972 to HK$4.4m in 1977.

Improvement for Cycle and Carriage

By H. F. Lee

SINGAPORE, Dec. 4.

CYCLE AND CARRIAGE, one of Singapore's leading motor traders, lifted group pre-tax profits by 47 per cent to S$54.9m (U.S.$25m) in the year to September 30, while the post-tax figure was 50 per cent higher at S$30.9m.

The sharp rise in profit came on top of a 40 per cent jump in turnover to a record S$406m. The bulk of the increase came from Malaysia, where turnover rose by a third to S$265m. The largest percentage growth was registered in Singapore, however, where sales rose by more than half to S$141m.

C and C also announced a proposed one-for-two scrip issue.

The company, whose main franchises are Mercedes-Benz and Mitsubishi cars has for the first time equity-accounted associate companies. Previous year's figures have been adjusted accordingly.

Growth slowed down in the second half-year compared with the first half, when profits rose by 110 per cent and turnover by 82 per cent.

The Board is recommending a final gross dividend of 20 per cent, making a total of 30 per cent against 24 per cent the previous year.

The group will also be capitalising S$25m from reserves for the bonus issue. This will raise issued capital to S$75m.

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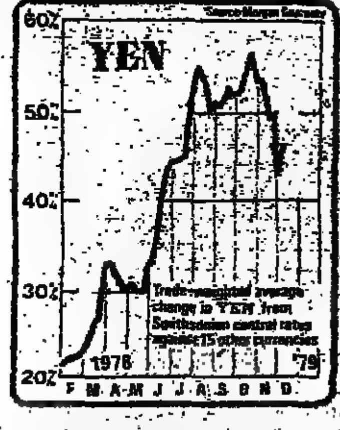
Currency, Money and Gold Markets

Dollar weak

The U.S. dollar lost ground against most major currencies in yesterday's foreign exchange market after starting the day on quite a firm note. Whether or not this early improvement was artificial appeared to be difficult to tell. However, during the afternoon the U.S. unit erased its earlier gains and finished around the bottom of the day's range.

Speculation over a possible currency realignment ahead of the proposed European Monetary System, increased demand for the stronger currencies at the expense of currencies such as the dollar. Against the D-mark, it finished at DM 1.9155 compared with Friday's close of DM 1.9337½. At one point yesterday, just before noon, the U.S. unit touched DM 1.9260 before sliding to a low point of DM 1.9130.



Similarly the Swiss franc rose to SwFr 1.7157½ from SwFr 1.7375 previously, having been as low as SwFr 1.7280 before noon and up to SwFr 1.7095 in later trading. The Yen continued to improve and finished at Y197.65, compared with Y201.9 on Friday.

Using Morgan Guaranty figures at noon in New York, the dollar's trade-weighted averaged depreciation widened to 8.1 per cent from 7.7 per cent. On Bank of England figures its index fell from 85.7 to 85.2.

Sterling opened at $1.9420-$1.9430 and fell on the firmness of the dollar to $1.9300 before noon. Recovering to $1.9350 in the early afternoon, the pound continued to improve and touched $1.9460 before closing at $1.9445-1.9455, a rise of 70 points from Friday's close. Against other currencies the pound showed a slightly easier tendency which was reflected in its trade-weighted index. This fell to 62.5 from 62.6, having stood at 62.4 at noon and 62.6 in the morning. Against the D-mark, sterling fell to DM 3.7275 from DM 3.75 and SwFr 3.3350 from SwFr 3.37 in terms of the Swiss franc.

FRANKFURT—The dollar was fixed at DM 1.9185 at yesterday's fixing, sharply down from Friday's level of DM 1.9358. However, there was no intervention by the Bundesbank at the time. Trading was described as uneventful with many market sources not expecting any currency realignment in Europe before the implementation of EMS.

BRUSSELS—Speculation ahead of the proposed European Monetary System pushed the D-mark and Swiss franc higher against most other currencies. The Belgian franc was fixed at its floor of BFr 16.074, the first time since the snake realignment on October 15, that it has broken the BFr 16 barrier. Despite the D-mark's rise, the Belgian Central Bank bought a small amount of the German currency as well as U.S. dollars and French francs.

PARIS—In fairly quiet trading the French franc declined especially against the D-mark. Rumours that the French authorities may have sold French francs for D-marks tended to depress the French unit. Near the close the franc was quoted at FFr 2.3114 against FFr 2.3050 in the morning and FFr 2.2980 on Friday. The Swiss franc improved to FFr 2.5831 from FFr 2.5642 on Friday, while the dollar eased to FFr 4.4275 from FFr 4.4490.

MILAN—The lira lost ground to the D-mark and the Dutch guilder yesterday, amid fears that, in joining EMS, it would effectively be devalued against the D-mark. The latter was quoted at L445.1 from L449.9 on Friday, while the guilder improved to L407.13 against L406.01. The Swiss franc was also much firmer at L497.40 compared with L489.9 previously.

AMSTERDAM—The dollar was fixed at Fl 2.0945 compared with Friday's fixing of Fl 2.1035.

ZURICH—In relatively light early morning trading, the dollar showed a slightly firmer look against most currencies. The European Community Summit Meeting was causing some uncertainty in the market although the intervention rates for EMS were not expected to be announced just yet. The U.S. unit was quoted at SwFr 1.7278 and DM 1.9250 against the D-mark.

TOKYO—The dollar fell sharply against the Japanese yen to close at Y199.65, compared with Friday's close of Y201.25.

THE POUND SPOT

Dec. 4	Bank rate %	Day's Spread	Close
U.S. $	9½	1.9300-1.9460	1.9445-1.9455
Canadian $	10¾	2.255-02.2816	2.2800-2.2610
Guilder	8½	4.04-4.07½	4.05½-4.06½
Belgian F	6	59.15-59.65	59.35-59.45
Danish K	8	10.42-10.50	10.49-10.50
D-Mark	3	3.70-3.75	3.72¼-3.73¼
Port. Esc.	18	90.40-91.90	91.50-91.90
Span. Pts.	8	139.50-139.75	139.00-139.10
Lira	10½	1.650-1.658	1.657-1.653
Nrwgn. K.	7	9.98-10.07	10.05½-10.06½
French Fr.	9½	8.57½-8.65	8.58½-8.59½
Swdish Kr.	6½	8.60-8.65	8.65-8.66
Yen	3½	382-392	384-386
Austria Sch.	4½	27.15-27.40	27.35-27.50
Swiss Fr.	1	3.32-3.36	3.33-3.34

Belgian rate is for convertible francs. Financial franc 60.75-60.85.

FORWARD AGAINST £

Dec. 4	One month	% p.a.	Three months	% p.a.
U.S. $	0.48-0.38c pm	2.65	1.25-1.15c pm	2.45
Canadian $	0.80-0.70c pm	3.95	2.05-1.95c pm	3.51
Guilder	1½-½c pm	2.96	4-3c pm	3.45
Belgian F	20-10c pm	3.05	55-45c pm	3.37
Danish K	2¼-4¼ ore dis	−3.72	5½-6½ ore dis	−2.91
D-Mark	3½-2½ pf pm	10.06	9-8½ pf pm	[illegible]
Port. Esc.	60-105c dis	−10.80	140-310c dis	−9.83
Span. Pts.	80-150c dis	−9.05	250-360c dis	−6.92
Lira	2-6 lire dis	−2.53	6-9 lire dis	−1.81
Nrwgn. K.	[illegible] ore	0.60	4½-2½ ore pm	1.29
French Fr.	4-3c pm	4.89	10-9c pm	4.42
Swdish Kr.	4½-2½ ore pm	4.85	12½-10½ ore pm	5.20
Yen	4.45-4.15y pm	13.40	11.75-11.65y pm	11.79
Austria Sch.	22-12 gro pm	7.48	52-42 gro pm	6.89
Swiss Fr.	4½-3½c pm	13.50	11½-10½c pm	15.04

Six-month forward dollar 2.25-2.15c pm. 12-month 4.15-4.05c pm.

THE DOLLAR SPOT

December 4	Day's spread	Close
Canad'n $*	85.13-85.64	85.26-85.29
Guilder	2.0865-2.0963	2.0865-2.0895
Belgian Fr	30.52-30.65	30.58-30.62
Danish Kr	5.3720-5.4025	5.4000-5.4025
D-Mark	1.9148-1.9242	1.9148-1.9158
Port. Esc	46.70-47.26	47.11-47.26
Span. Pta	71.53-71.64	71.53-71.58
Lira	851.90-853.80	852.40-852.80
Nrwgn. Kr	5.1455-5.1770	5.1720-5.1730
French Fr	4.4150-4.4548	4.4150-4.4203
Swedish Kr	4.4365-4.4515	4.4500-4.4515
Yen	197.50-199.70	197.50-197.70
Austria Sch	14.02-14.09	14.02-14.03
Swiss Fr	1.7132-1.7262	1.7140-1.7155

* U.S. cents per Canadian $.

FORWARD AGAINST $

December 4	One month	% p.a.	Three months	% p.a.
Canad'n $	0.065-0.085c pm	1.21	0.18-0.21c pm	1.85
Guilder	0.14-0.08c pm	0.63	0.68-0.60c pm	1.22
Belgian Fr	2c pm-par	0.39	8-6c pm	0.91
Danish Kr	2.25-2.75ore dis	−5.55	5.50-6.00ore dis	−4.26
D-Mark	1.24-1.19pf pm	7.00	3.60-3.55pf pm	7.50
Port. Esc	60-80c dis	−10.66	1.95-2.10c dis	−11.31
Span. Pta	47-57c dis	−8.72	130-180c dis	−8.18
Lira	3.40-3.90lire dis	−5.14	8.75-9.75lire dis	−4.34
Nrwgn. Kr	0.30-0.75ore dis	−1.27	1.0-1.4ore dis	−0.93
French Fr	0.30c pm-par	0.41	1.40-1.10c pm	1.13
Swedish Kr	1.20-1.00ore pm	3.20	3.30-3.10ore pm	2.22
Yen	1.80-1.75y pm	9.43	4.85-4.70y pm	9.37
Austria Sch	6.25-5.25gro pm	4.91	17.5-15.0gro pm	4.54
Swiss Fr	1.67-1.62c pm	10.53	4.67-4.62c pm	10.80

CURRENCY RATES

December 1	Special Drawing Rights	European Unit of Account
Sterling	0.653739	0.671600
U.S. dollar	1.26590	1.30078
Canadian dollar	1.47946	1.52288
Austrian schilling	17.9473	18.4144
Belgian franc	38.8220	39.8765
Danish krone	6.82130	7.00159
Deutsche Mark	2.45853	2.51734
Guilder	2.66282	2.73449
French franc	5.63262	5.78535
Lira	1079.81	1109.39
Yen	254.826	263.272
Norwegian krone	6.53711	6.71039
Peseta	90.8549	93.2129
Swedish krona	5.63958	5.78843
Swiss franc	2.20456	2.26314

CURRENCY MOVEMENTS

December 4	Bank of England Index	Morgan Guaranty changes %
Sterling	62.49	−41.1
U.S. dollar	85.18	−8.1
Canadian dollar	80.44	−17.3
Austrian schilling	144.75	+19.1
Belgian franc	112.62	+13.9
Danish krone	115.66	+5.1
Deutsche Mark	148.27	+41.3
Swiss franc	192.82	+82.8
Guilder	122.90	+19.8
French franc	97.74	−6.8
Lira	54.45	−48.8
Yen	147.28	+45.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Dec. 4	£	$		£ Note Rates
Argentina Peso	1,855-1,859	953.75-955.75	Austria	27-28
Australia Dollar	1.7057-1.7137	0.8765-0.8810	Belgium	60-61¼
Finland Markka	7.873-7.895	4.0615-4.0635	Denmark	10.35-10.65
Brazil Cruzeiro	38.35-39.25	19.66-20.18	France	8.55-8.70
Greek Drachma	71.17-72.416	36.60-37.50	Germany	3.70-3.80
Hong Kong Dollar	9.325-9.935	4.8070-4.8120	Italy	1630-1700
Iran Rial	142.3-146.53	73.5-75.5	Japan	380-390
Kuwait Dinar (KD)	0.530-0.540	0.2726-0.2776	Netherlands	4.00-4.10
Luxembourg Franc	59.35-59.45	30.52-30.55	Norway	9.9-10.10
Malaysia Dollar	4.2290-4.3150	2.2280-2.2320	Portugal	90-100
New Zealand Dollar	1.8515-1.8565	0.9544-0.9565	Spain	139½-143½
Saudi Arabia Riyal	6.49-6.59	3.33-3.39	Switzerland	3.30-3.40
Singapore Dollar	4.2550-4.2750	2.2000-2.2050	United States	1.9400-1.9500
South African Rand	1.6675-1.6954	0.8573-0.8706	Yugoslavia	41-45

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Dec. 4	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.945	3.720	385.0	8.300	3.335	4.058	1660	2.291	59.10
U.S. Dollar	0.514	1.	1.918	197.0	1.110	1.716	2.097	852.2	1.172	30.31
Deutsche mark	0.268	0.522	1.	103.3	2.304	0.895	1.090	444.7	0.612	15.91
Japanese Yen 1,000	2.597	5.052	9.692	1000.	21.51	8.662	10.55	1305	5.935	151.5
French Franc 10	1.196	2.344	1.339	140.2	10.	4.002	4.726	1930	2.681	69.15
Swiss Franc	0.300	0.583	1.119	115.1	2.576	1.	1.217	497.0	0.704	17.01
Dutch Guilder	0.246	0.479	0.919	92.03	2.116	0.821	1.	409.5	0.582	14.63
Italian Lira 1,000	0.602	1.173	2.248	232.5	5.108	2.012	2.449	1000.	1.376	35.04
Canadian Dollar	0.436	0.851	1.625	168.0	3.747	1.454	1.760	746.0	1.	25.85
Belgian Franc 100	1.692	3.275	6.275	648.1	14.40	5.614	6.830	2850	3.089	100.

EURO-CURRENCY INTEREST RATES

Dec. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-12¼	9¾-9⅞	8¼-9¼	9-9½	[illegible]	3¼-3½	7-7½	10-14	[illegible]	[illegible]
7 day's notice	12¼-12¾	10-10¼	9-9½	9-9½	[illegible]	3¼-3½	[illegible]	11-15	[illegible]	[illegible]
Month	12-13¼	10¾-11	9½-10	9½-10	[illegible]	3¼-3½	[illegible]	14-15	11-11⅛	[illegible]
Three months	13¾-14¼	11⅛-11¼	10⅛-10⅝	9⅞-9⅞	[illegible]	3⅞-4¼	[illegible]	15-16	11-11⅛	[illegible]
Six months	14⅛-14¼	11¼-11⅜	10⅛-10⅝	9⅝-9⅝	[illegible]	3⅞-4	9⅛-9⅝	16-17	11-11⅛	[illegible]
One year	13⅞-14⅛	11⅛-11⅜	10⅛-10⅝	8⅝-9	1⅛-1⅛	4⅛-4⅜	10⅛-11	16½-17½	11⅛-11⅜	2⅝-3⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.85-10.95 per cent; three months 11.20-11.30 per cent; six months 11.35-11.65 per cent; one year 11.25-11.35 per cent.

Long-term Eurodollar deposits: Two years 10⅞-10⅞ per cent; three years 10½-10¾ per cent; four years 10⅜-10⅝ per cent; five years 10¼-10½ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris call money cut rate

Day-to-day money fell to its lowest level for nearly seven years in Paris yesterday. At 6¾ per cent, compared with 6⅞ per cent on Friday, this was the lowest rate since February 3, 1972. Last Thursday French commercial banks reduced their prime rates to 8.80 per cent from 8.90 per cent, reflecting the easier trend in money market rates. Before the weekend M. Rene Monory, French Economics Minister, hinted that the central bank discount rate may be cut in the near future. The last reduction was on August 31 last year, from 10½ per cent to 9½ per cent.

Fixed period interest rates in Paris yesterday were: one-month 6⅝-6⅞ per cent; three-month 6¾-6⅞ per cent; six-month 7-7⅛ per cent; and 12-month 7⅛-7¼ per cent.

BRUSSELS—Deposit rates for the Belgian franc were slightly firmer, while pressure tended to return to the franc in the foreign exchange market. The Belgian currency fell to its lowest permitted level in the European currency snake of BFr 16.074 per D-mark, on growing speculation that there will be a realignment of currencies on the expansion of the present joint float into the European Monetary System. One-month money in Brussels rose to 9⅜-9⅞ per cent from 9¼-9½ per cent; three-month to 9¼-9⅝ per cent from 9⅛-9½ per cent; six-month was unchanged at 8⅞-9¼ per cent, and 12-month was quoted at 8⅞-9 per cent, compared with 8⅞-9 per cent previously.

FRANKFURT—Short-term interest rates were fairly steady in the interbank market, with call money unchanged at 3.45-3.55 per cent. One-month was quoted at 3.90-4.10 per cent, compared with 3.90-4.00 per cent; three-month at 3.80-4.00 per cent, compared with 3.85-3.95 per cent; six-month at 3.93-4.05, compared with 4.00-4.10 per cent; and 12-month unchanged at 4.15-4.25 per cent.

AMSTERDAM—Interbank money market rates were firmer, with call money rising to 9¾-10¼ per cent from 9-10 per cent. One-month increased to 10¼-10½ per cent from 10-10¼ per cent; three-month to 10⅛-10⅜ from 9¾-10 per cent; and six-month to 9⅞-9¾ per cent from 9⅞-9⅝ per cent.

NEW YORK—Federal funds were slightly easier at 9⅞ per cent, compared with 9¹⁵⁄₁₆ per cent on Friday. On the other hand Treasury bill rates were firmer, with 13-week bills quoted at 8.92 per cent, compared with 8.84 per cent late Friday; 26-week bills at 9.16 per cent compared with 9.09 per cent; and 12-month at 9.26 per cent, compared with 9.21 per cent.

SINGAPORE—Foreign banks increased their prime rates yesterday by between ¼ per cent and ½ per cent. Rates now stand at various levels between 7¾ per cent and 8 per cent.

MILAN—Money market rates were unchanged, with call at 10½-10¾ per cent; one-month at 10¾-11 per cent; two-month at 11-11¼ per cent; and three-month at 11¼-11½ per cent.

GOLD

Sharp rise

Gold rose sharply in the London bullion market yesterday and closed $6 an ounce higher at $199-199½. After opening at $197¼-198, which was its lowest point for the day, the metal was fixed at $197.70 and $199.25 in the afternoon. Trading was not particularly active with a little shortcovering and a weaker dollar helping the upward movement.

In Paris the 12-kilo bar was fixed at FFr 28,600 per kilo ($200.19 per ounce) compared with FFr 28,495 ($198.94) in the morning and FFr 28,000 ($195.72) on Friday afternoon.

In Frankfurt the 12-kilo bar was fixed at DM 12,245 per kilo ($198.22 per ounce) compared with DM 12,125 ($195.21) previously.

	Dec. 4	Dec. 1
Gold Bullion (a fine ounce)		
Close	$199-199½	$194-194½
Opening	$197¼-198	$193½-194½
Morning fixing	$197.70 (£102.258)	$194.05 (£100.186)
Afternoon fixing	$199.25 (£102.685)	$194.65 (£100.568)
Gold Coins, domestically		
Krugerrand	$210-212 (£108-109)	$205½-208½ (106½-107½)
New Sovereigns	$58-61 (£30½-31½)	$59½-60½ (£30½-31½)
Old Sovereigns	$58½-60½ (£30½-31½)	$58½-61½ (£30-31)
Gold Coins, internationally		
Krugerrand	$205-207 (£105½-106½)	$200-202 (£103½-104½)
New Sovereigns	$55-56 (£27½-28½)	$52-54 (£26½-27½)
Old Sovereigns	$59-61 (£30½-31½)	$58-60 (£30-31)
$20 Eagles	$273-284	$276-281
$10 Eagles	$152-157	$150-155
$5 Eagles	$97-102	$97-102

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in rather shorter supply than expected in the London money market yesterday, and it is doubtful whether the Bank of England gave enough help to take out the full shortage. The authorities bought a moderate amount of Treasury bills from the discount houses, but late balances were fairly hard to find, commanding 11½-12½ per cent, compared with 11½-11¾ per cent earlier in the day. Banks are therefore expected to carry forward run-down balances.

Bank balances were slightly run-down from Friday, but the major factor against the market was the unwinding of a sale and repurchase agreement, with the houses taking back eligible bank bills. They were also faced with a moderate rise in the note circulation.

On the other hand there was a small excess of Government disbursements over revenue payments to the Exchequer, while a fairly large number of net maturing Treasury bills was also a factor in the market's favour.

In the interbank market overnight loans opened at 11¾-11⅞ per cent, touched 12-12½ per cent on expectations of a shortage of funds, before easing to 11½-11¾ per cent. At mid-afternoon rates touched 12½-13 per cent, but fell to 11-11½ per cent at the close.

LONDON MONEY RATES

Dec. 4 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	11-13	—	—	—	12½	11½-12½	—	—	—
2 days notice	—	—	11⅞-12⅛	—	—	12½	—	—	—	—
7 days or ...	—	—	—	—	—	—	[illegible]	—	—	—
7 days notice	—	11⅞-12¼	11⅞-12	12¼-12⅜	12¼-12¾	12½	11½-12	11⅞-12	12½	[illegible]
One month	12⅛-12	12¼-12⅜	[illegible]	12-12⅛	12⅛-12⅜	12⅝	11⅞-12⅛	11⅞	12⅛	[illegible]
Two months	12⅛-12	12¼-12⅜	12¼-12⅜	12-12⅛	12⅜	[illegible]	11⅞-12	11⅞	12⅛	[illegible]
Three months	12⅛-12	12¼-12⅜	12¼-12⅜	12-12⅛	12⅜	[illegible]	11⅞	11⅞	12⅛	[illegible]
Six months	11¾-11⅞	11⅞-12	—	11¾-12	12¼	[illegible]	—	—	—	—
Nine months	11⅝-11⅜	11-11⅞	—	11¾-12	12	—	—	—	—	—
One year	11⅝-11⅜	11-11⅞	11⅝-11⅞	11⅝-12	12	—	—	—	—	—
Two years	—	—	—	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent. Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from December 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.3660 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5
Fed Funds	9.875
Treasury Bills (13 week)	8.92
Treasury Bills (26-week)	9.16

GERMANY

Discount Rate	3
Overnight	3.50
One month	3.60
Three months	3.80
Six months	4.00

FRANCE

Discount Rate	9.5
Overnight	6.5
One month	6.6875
Three months	6.9375
Six months	7.1250

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.625

CONTRACTS AND TENDERS

REPUBLIC OF ARGENTINIA

ARGENTINE GOVERNMENT OILFIELDS
YACIMIENTOS PETROLIFEROS FISCALES

YPF

SOCIEDAD DEL ESTADO

Call for bids to contract works destined to the exploration, development and exploitation of hydrocarbons (Law No. 21.778 Risk Contracts), according to the following details:

TENDER NO.	AREA	DATE OF OPENING
10-76/78	"ACAMBUCO" (North-West Basin—Province: Salta)	March 8th, 1979 at 10 o'clock
10-77/78	"PICUN LEUFU" (Neuquén Basin—Province: Neuquén)	March 8th, 1979 at 10 o clock
10-78/78	"MESETA GUENGUEL" (Golfo San Jorge—Provinces: Chubut and Santa Cruz)	March 8th, 1979 at 10 o'clock
10-79/78 (I)	"RIO GALLEGOS" (Austral Basin—Argentine *Continental Platform*)	March 8th, 1979 at 4 o'clock
10-79/78 (II)	"MAGALLANES" (Austral Basin—Argentine Continental Platform)	March 8th, 1979 at 4 o'clock

★ The opening will take place in the General Belgrano Hall, Roque Sáenz Peña Avenue, 777, 13th floor, at the aforementioned hours.

★ Cost of tender specifications: The cost will be equivalent in *Argentine* pesos to US$15.000 payable at the rate of exchange ruling for closing seller price as quoted by Banco de la Nación Argentina the previous day of the purchase.

★ Those who have already obtained the technical information are empowered to get the corresponding general and particular regulations from Office 1010, 10th floor, placed in the building in Roque Sáenz Peña *Avenue, 777, Capital Federal,* as from the present date between 8.45-12.30 and 14.15-15.30 from Monday to Friday.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 003781 of 1978

V. M. GRIFFITHS & COMPANY LIMITED

MISS UNIC LIMITED

and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were on the 28th day of November 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE, of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 15th day of January 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Companies requiring such copy on payment of the regulated charge for the same.

[illegible]
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of January 1979.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 4, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially *controlled and the rates shown* should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; *(n.c.) non-commercial rate;* (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate. (P) based on U.S. dollar parities and going sterling dollar rate. (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	76.00
Albania	Lek	10.077
Algeria	Dinar	7.4472
Andorra	French Franc	8.55
	Spanish Peseta	139.85
Ecuador	Sucre	(o) 42.18 (F) 51.53
Egypt	Egyptian £	(o) 0.7630 (T) 1.3650
Ethiopia	Ethiopian Birr	(P) 4.0307
Eq'l Guinea	Peseta	139.85
Liechtenstein	Swiss Franc	3.335
Luxembourg	Lux Franc	59.40
Macao	Pataca	10.951
Madeira	Portug'se Escudo	91.70
Malagasy Rp.	MG Franc	425
Romania	Leu	[illegible]
Rwanda	Rwanda Franc	182.75
St. Christopher (S)	E. Caribbean $	5.25
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.25
[illegible]	[illegible]	[illegible]

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. † Rupees per pound.

Ancient and modern on the Turkish bourse

The diamond ringed money grocers of Istanbul

BY METIN MUNIR, Ankara Correspondent

THERE IS nothing of the City about Mr Cevahir Ozden, Turkey's richest and best-known stock broker. When he talks he sounds as if he were trying to be heard on a very bad line to Katmandu. His voice rarely drops below a shout, whether he is talking to his wife holidaying in Geneva or to a customer about securities. *He looks more like a film star than a broker —carefully coiffed salt and* pepper hair, charming smile, soberly trendy clothes and crimson silk knit tie. His accessories include a thin gold watch and two diamond rings —one denoting marital status, the other prosperity—the trademark of self-made Turkish millionaires.

At 15 he is a picture of health and bursting with energy. Although it is only just after lunch he says he has already done business of Turkish lira 10m (about £200,000) this day. It must have been an unusually good morning.

Mr. Ozden, better known as Banker Kastelli was born to poor parents at Kastel, a village on the *Black* Sea. When he was nine his family moved to Istanbul. A commercial lycee dropout, Mr Ozden tried many jobs, *including assistant to a cinema* accountant, before he entered the Istanbul Bourse at 25. In 1964 he set up his own brokerage firm.

Ottoman

The bourse was established in Istanbul in 1863 during the Ottoman Empire. *It had inter*national standing and dealt in Ottoman as well as international securities and in foreign exchange. With the fall of the Ottoman Empire and the crash of 1929 the bourse slowly lost its function as a secondary market. Although Istanbul remained the country's financial and industrial centre, in 1938 the bourse was moved to Ankara, the new capital of the republic. "That was the first *blow to the bourse," Mr Ozden* exclaims.

In 1943 the bourse returned home to Istanbul. But there was *little business. The bourse* could no longer deal legally in *foreign exchange or foreign* securities. Fewer than a dozen Turkish institutions issued shares and bonds and very few investors were parting with them because they brought good returns. "You had to wait until somebody died or went bankrupt to lay your hands on them," Mr Ozden says. The capital market was dead.

Then came the 1960 revolution which, according to Mr. Ozden, revolutionised the capital market more than anything else, although totally unintentionally. The military junta that took power issued lira 250m worth of Liberty Bonds, as they were called.

Excitement

"In the excitement of the revolution people bought bonds *like crazy," Mr Ozden recalls.* "A month later the excitement *died down. People wanted to* get rid of their bonds at almost *any price. But they couldn't* because the bonds were not *redeemable by the Treasury* within three months. There was *panic. And there was an open*ing for me." Mr. Ozden started buying every Liberty Bond he could lay his hands on, most of them at 40 per cent of nominal value.

A year later something even better happened. The Government introduced, or rather imposed, Savings Bonds. Civil servants started getting a proportion of their salaries in these bonds. Starved for cash and unable to wait for interest, civil servants sold their bonds for next to nothing. A vast *secondary market opened.* Mr. Ozden was buying.

Fortune

He appears to have made a fortune at this time. In the mid-1960s, a Turkish banker recalls, Banker Kastelli had rooms stacked to the ceiling with Savings Bonds.

Incredible though it may seem, it would appear that in the 1960s the Turkish capital market was dominated by Banker Kastelli and two others, Banker Zeki and Banker Tahiroglu. There were and still are others (who call themselves "Bankers") in the famous bourse building at Sirkeci.

The bourse is near the Galata Bridge off the Golden Horn. The marble stairs of the huge Ottoman building are worn by the shoes of countless speculators. Here work the brokers, *moneylenders, and the dealers* in a grey market of foreign exchange which finances about 20 per cent of Turkish imports, and a vast amount of luxury spending and capital flight by the rich.

"These are the grocers of the stock market," one real banker said. "All they need—and often have—is a safety deposit, a telephone and a courier. All the stock prices and quotations are in their heads." Grocers or not, the development of the Turkish stock market apparently owes a lot to the initiative and acumen of people *like Banker Kastelli.*

In his two-room office, where *10 people are employed, from* dealers to tea boy, Banker *Kastelli says he did* business equivalent to about £10m in 1977 and hopes to achieve a turnover of £20m in 1979—"if the economic and political conditions of Turkey permit." The face of the business is rapidly changing. Since 1970 a modern capital market with modern brokerage and finance corporations has begun to grow up.

Frustrated

Companies, frustrated by the scarcity and *dearness of bank* credits, are beginning to issue bonds and shares. An *increasing* number started going public. *The period coincided with fast* industrialisation when annual *GNP growth rate averaged* around 7 per cent. A genuine secondary market for securities started coming into effect.

Between 1970 and 1977 *the* private sector issued *1.6bn* worth *of bonds and* 1.5bn worth of shares (worth £220m at the present exchange rate).

While the capital market was hurt by political crises and the current recession, trading in the secondary market has been brisk and bond issues this year are expected to reach 1 1,800m (about £40m). The expansion of the capital market has led to the formation of modern brokerage firms, backed by large private industrial groups. This trend is expected to continue, slowly replacing the traditional "bankers."

The best known securities and brokerage company is the Istanbul based Meban, *controlled by Transturk Holding* which is among the biggest of private *groups in Turkey. Its* director is Mr. Mehmet Gun Calika, *formerly* with Merrill Lynch, Pierce, Fenner and Smith in Washington. Mr. Calika is in his early 30s. His staff's average age is 26.

In its first year of operation in 1974, Meban traded in L25m worth of securities and, in the words of Miss Safak Ozturk, the 26-year-old director in charge of companies and security issues, "established itself as the most respected security organisation in Turkey." This year Meban expects a turnover of L500m.

Meban has achieved many firsts in the Turkish capital market. The Meban Stock Price Average was the first index in Turkey. *The Meban Capital* Market Bulletin was another first. *Meban undertook* corporate bond *underwriting* and *introduced institutional* services, portfolio analysis and *management.*

The company played a role *in obtaining a $150m Euroloan* for the state-owned Botas company for the construction of the Turkish-Iraqi pipeline.

Mr. Ozden says he is not impressed with these new com*panies. However, he too has set* up such a brokerage firm called Mentas in a plush building far from Sirkeci "to direct small savings into investments and organise the stock market."

THE JOBS COLUMN

Entrepreneurial bid to tackle unemployment

BY MICHAEL DIXON

"YOU'VE RUINED your clothes!" 15-year-old Paul Bretherton was told when he returned home on holiday earlier this year. At the same moment, I gather, numerous other youths returning from Shrewsbury School were being chided in the same way.

If the others' families had investigated, as Paul's father Michael Bretherton did, they would have found that the sartorial ruin did not arise from any of the usual causes of public-school boy dishevelment. What the lads' appearance was suffering from was the residue of electric arc welding.

The object that was supposed to be—and incidentally also was—welded, was the "Invashrew" invalid car. Some readers may well have seen it since, having come second in a schools' competition organised by BP. it was exhibited at the Motor Show.

The design uses a 1,300 cc engine to pull a low-slung wheeled body. This opens at the back enabling two people in invalid chairs to wheel themselves in and anchor side by side, one behind the controls. A third person can sit on a seat behind. In addition, to save the occupants from having to back up to the kerb so as to get out, there is a side door with a ramp so that they can park and emerge in the normal way.

As well as awaiting the finals of the Young Engineer of the Year contest later this month, the Invashrew is being considered by the Department of Social Security. Whether the design will be given Government approval for use, is not yet known. But if it is approved, thereby could hang a most useful venture.

For Michael Bretherton is, by title, managing director of the "Executive Development Services" side of the Right Match International company. By occupation, he is retained and paid by organisations who are making managers redundant, to help them to get over the pain and try to win their way back into employment.

He dislikes the word "redundant" because "when it is used in connection with a job-applicant, recruiters tend to conclude immediately that the candidate must be no good. In fact, highly capable people are frequently reorganised out of their jobs, through no fault of their own whatsoever."

Nevertheless, having to make a realistic assessment of the victims' prospects, especially if they are aged 40-plus, can be a depressing experience. Even when the managers cast adrift are from an organisation using modern technology, Mr. Bretherton finds that up to 15 per cent can suffer a year of vain job-hunting or, at best, retraining which in practice may often mean that the recipients have merely been shifted from the "current" file of unemployment statistics to the "pending" file. But when the executives are being shed by an old technology organisation, as many as 40 per cent may have little real chance of re-entering a conventional managerial job.

Unconventional

So he and his unfortunate clients have been showing increasing interest in less conventional possibilities. "For example," he says, "when a biggish lay-off is looming—and we are still rarely without them—I'm more and more getting in touch with people in the liquidation business in search of opportunities for the less marketable people to buy themselves into self-employment.

"A typical prospect might be a small printing business, most likely with old equipment, where provided the chap does all the work himself and doesn't mind getting his hands inky and running about getting orders and delivering work, he can make some sort of way for himself. Although a business like that might not bring in more than £5,000 to £7,000 a year, it's usually better for the person and the family concerned than drawing the dole it.

"All the same, that still boils down to a person using the redundancy money he is given just to paper over the fact that there isn't another job available that would make really productive use of his managerial skills.

"That would not seem the best way for a company foreseeing redundancies, on the shop-floor as well as in management, to use the money. Surely it would be better for them to tackle the unemployment problem instead of just patching over it, and do themselves a bit of potential good into the bargain, by having the foresight to put some of the money into creating new jobs? I think so, anyway, particularly when there are promising prospects around."

Which brings us back to the Invashrew invalid car.

Mr. Bretherton thinks that, given approval by the Government, this invention by schoolboys could prove a fine opportunity to create extra jobs for managers and workers to develop and market the car, not to mention profits for the organisations who backed it.

Indeed, having voiced his idea to contacts on the Continent, he already has a big French chemical company interested. It is considering putting up venture capital with a view to starting an Invashrew operation close to its works as a means of furnishing alternative jobs for some of the people who will inevitably have to be reorganised out of its main activities in the future.

Clearing house

"Being English, however, I have a peculiar inbuilt desire to see this project operating in the UK before it goes overseas," Michael Bretherton adds, "or at least running here concurrently. Often, however, UK concerns seem to have so many problems that they are unable to focus on anything else, instead of seeing both the problems and the potential, in balance."

But Invashrew is not his sole object in approaching the Jobs Column. It is merely an example, he believes, of a great many possibilities that exist for the problems of unemployment to be tackled productively, instead of temporised with bureaucratically.

"When you think of it, there must be a wealth of 'resources' at present just being left idling out there among the population. There must be people with ideas for other projects, people with the skill to work on them and manage and market them, and probably people with the interest and funds to back them, too.

"So what I say is, why can't we try to start getting something going along the lines I have indicated?"

And although the Jobs Column in its necessarily sceptical way has tried, it cannot see why not either. So we are going to have a go, with Mr. Bretherton volunteering to act as a "clearing house" for information on peple with an interest in his grand design, whether as possible backers, ideas persons, or skilled workers of one sort or another.

I must admit that, since he and I are both sadly inclined to view spontaneous enterprise as something which has apparently gone out of fashion nowadays, neither of us is anticipating much from his proposal. But we are hoping that a lot of people will prove our pessisms wrong by writing to Michael B at 5, St. James's Place, London SW1A 1NP. So let's be having you!

FMR MANAGEMENT RECRUITMENT LTD.

We have been retained to advise on the following appointments:—

INTERNAL AUDITOR (Ref FMR/92)
Bank of Liberia. US$30,000 p.a. plus housing, travel, etc.
Location: Monrovia

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US$24,000 p.a. plus housing, travel, etc.
Location: Monrovia

ASSISTANT ACCOUNTANT (Ref FMR/90)
Berkshire. Agricultural Merchants.
Up to £4,200 p.a. plus benefits.
No formal accounting qualification necessary.

Applications from suitably qualified personnel should be sent to Hugh Skinner at the address below, quoting the appropriate reference. Alternatively telephone Charlotte Gray for an application form and further details.

REGENCY HOUSE, 107 HAGLEY ROAD, EDGBASTON, BIRMINGHAM B16 8LA. TEL: 021-454 3691

AMERICAN EXPRESS

EXCHANGE CONTROL ACCOUNTANT

BASED BRIGHTON — c £7,000 p.a.
OCCASIONAL TRAVEL — PLUS MORTGAGE SUBSIDY

Our client is the Card Division of American Express. This is a new position reporting to the Director of Finance and covers control and co-ordination of exchange control aspects of the divisions operations in Europe, Middle East and Africa. It also will involve developing and monitoring related funding and foreign exchange policies and procedures.

Interested applicants should demonstrate a good knowledge of foreign exchange control operations, sound general accounting skills and involvement in international funding. This experience should have been gained in a commercial banking environment or a major international business operation.

Membership of the Institute of Bankers and/or an accountancy qualification is essential. Age indicator is 25-35 years.

The company offer excellent working conditions and benefits including generous mortgage subsidy, relocation assistance, non-contributory pension, life assurance and medical aid schemes, etc.

Interested applicants should telephone or write, in the first instance, David L. Sattin who will be pleased to call or meet you outside normal business hours should this be more suitable.

Michael Page Partnership
18/19 SANDLAND ST. BEDFORD ROW LONDON WC1
01-242 0965/8

COMMONWEALTH SECRETARIAT
(Commonwealth Fund for Technical Co-operation)
invites applications for
a one-year assignment as
MARKETING SPECIALIST
to the
State Trading Corporation, New Delhi, India

The Marketing Specialist will be required to develop a consolidated programme for product market research, after analysing STC's lines of business, the availability of exportable production capability and international export markets for their products. He will undertake two or three specific studies, training STC personnel in market research techniques. The Specialist will also be required to establish a computerised market information data bank, developing a system for continuous updating of data and for retrieval of management information.

Applicants should have practical and relevant experience and expertise in marketing analysis, including the establishment and use of computerised information systems, and the training of marketing personnel, in order to undertake the duties above.

Basic salary, inducement allowance and gratuity negotiable in the region of £11,000 p.a. All emoluments free of tax in India. Housing allowance, installation grant and education allowances provided plus allowances for shipment of personal effects.

Application form and further details from Commonwealth Secretariat (CFTC), Marlborough House, Pall Mall, London SW1Y 5HX (01-839 3411—Ext. 321).

CAREER IN SAUDI ARABIA

We are an European-Saudian joint venture company headquartered in Jeddah, Saudi Arabia. Both parent companies are one of the largest in their respective countries.

In the past years a profitable operating trading company with several sales offices has been built up. Mainly construction materials, e.g. cement, steel, are sold and the annual turnover amounts to approximately £30 million.

In Dammam, our biggest sales office, we are looking for a

CONTROLLER £20,000

The incumbent is responsible for controlling, treasuring, reporting, planning, budgetary control, and administration. Experience in an equivalent position or as a junior auditor is necessary for a successful performance in the job. Age 30-35 years.

In our headquarters in Jeddah we are looking for a

FINANCE MANAGER £17,000

The incumbent is responsible for the company's consolidated monthly and yearly p+1 statements, for the control of all invoices and credits and debits. Equivalent experiences are required. Age 28-35 years.

Please send a short C.V. to our consulting agency that will handle all applications strictly confidentially:

COMPANY NOTICES

EUROPEAN PROPERTY INVESTMENT COMPANY N.V.

(Established in Amsterdam)

In the annual general meeting of shareholders, held on 29th November 1978, a dividend of Dfls. 4.80 per share with a nominal value of Dfls. 100 has been declared over the year 1977/78.

As from 8th December 1978, a dividend of Dfls. 4.80 per share with a nominal value of Dfls. 100 is payable under deduction of withholding tax, against delivery of coupon No. 5 at:

Bank Mees and Hope NV, Amsterdam;

Banque Internationale a Luxembourg, Luxembourg.

The Board of Managing Directors

4th December 1978.

NOTICE

JARDINE, MATHESON & CO. LIMITED

H.K. Dollar 500,000,000 7½%
CONVERTIBLE SUBORDINATED UNSECURED LOAN STOCK 1990

NOTICE IS HEREBY GIVEN that the register of holders of the 7½ per cent. Convertible Subordinated Unsecured Loan Stock 1990 ("Loan Stock") will be closed from 18th December 1978 to 31st December 1978 (both dates inclusive) to establish the identity of those loan stockholders entitled to the half-yearly interest payment, payable on 31st December 1978.

In order to qualify for the interest payment all transfers, accompanied by the relevant loan stock certificates, must be lodged with the company's registrars, Central Registration, Hong Kong Limited not later than noon on 16th December 1978.

By Order of the Board,
K. W. YOUNG,
Company Secretary.

LEGAL NOTICES

TRUSTEE FOR THE CREDITORS OF JAMES O'CONNOR & COMPANY
THE STOCK EXCHANGE, LONDON

In the Matter of the Estate of James O'Connor & Company, declared defaulters on the 15th November, 1973, formerly trading as Stock and Share Brokers of Limerick and Galway and Members of The Irish Stock Exchange, take notice that Richard Arthur Thompson, Trustee for the Creditors by Trust Deed registered in the Central Office of the High Court, Dublin, on 17th December, 1973 declares that the Final Dividend to Creditors will be paid after the expiry of this notice.

Any person or Company who consider they may have a claim against the abovementioned firm, or any partner of the firm, and who have not completed and returned a Form of Assent to the Trust Deed, must lodge their claim by 31st January, 1979.

No claim submitted after 31st January, 1979, will rank for distribution of dividends. Further claims should be forwarded direct to R. A. Thompson, Esq., Trustee for the Creditors of James O'Connor & Company, The Stock Exchange, London EC2N 1HP, or David Ensor, Esq., Messrs. Eugene F. Collins & Son, 61, Fitzwilliam Square, Dublin 2.

ACCOUNTANT £7,500

An unusual opportunity for a self-motivated, young, aggressive and confident accountant exists within our clients newly formed joint venture company. They require a person to perform the day to day financial accounting function to become involved in financial planning and forecasting to prepare monthly reports for the main board of directors and to undertake any ad hoc administrative assignments. The appointment is likely to appeal to a qualified accountant wishing to gain sharpened experience within a successful company and to contribute positively to the commercial growth of a young and progressive team.

Telephone: P. Hollis, Linton Appointments - 01-242 0931

COMPANY NOTICES

EUROFIMA

Société Européenne pour le Financement du Matériel Ferroviaire
Registered Office: "RITTERHOF"—Rittergasse 20,
CH-4001 BASLE 1 (Switzerland)

INTERNATIONAL BOND ISSUE 7¾% 1971/1981 OF 10,000,000 EUROPEAN CURRENCY UNITS

We inform the Bondholders that a drawing for a nominal amount of 1,500,000 European Currency Units was made on the 3rd November 1978 in respect of the amortisation due on the 15th January 1979.

The numbers of the 1500 bonds drawn on this occasion fall within the following group of numbers:

7,491 to 9,754

The other numbers in this group refer to bonds already purchased on the market.

The drawn bonds—coupon No. 9 (15th January, 1980) and subsequent coupons attached—will be redeemed at par from the 14th January 1979 onwards. Payment can be claimed, free of charge, from any of the under-mentioned Paying Agents:

—CREDIT COMMERCIAL DE FRANCE, Paris.
—DEUTSCHE BANK AKTIENGESELLSCHAFT, Frankfurt.
—MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Brussels.
—SOCIETE GENERALE DE BANQUE SA, Brussels.
—BANCA NAZIONALE DEL LAVORO, Rome.
—CREDIT COMMERCIAL DE FRANCE, Milan branch.
—KREDIETBANK SA LUXEMBOURGEOISE, Luxembourg.

Amount of bonds remaining in circulation following the amortisation of the 15th January 1979: 3,000,000 European Currency Units.

The following bonds, drawn to satisfy previous amortisations, have not yet been presented for reimbursement:

Amortisation of 15th January 1977: No. 4,024

Amortisation of 15th January 1978: 1,221 and 1,222; 1,226; 1,243; 1,250 to 1,252; 1,291; 1,297; 1,308 to 1,311; 1,493 to 1,495; 1,533 to 1,535; 1,566 to 1,568; 1,606 to 1,614; 1,616; 1,629 to 1,631; 1,917; 1,981 and 1,982; 1,986 and 1,987; 2,041; 2,047; 2,053; 2,108; 2,138 and 2,139; 2,184 and 2,185; 2,229; 2,318 to 2,320; 2,335 to 2,342; 2,371.

ANTICIPATED AMORTISATION ON THE 15th JANUARY 1979 OF ALL OUTSTANDING UNDRAWN BONDS

The company, exercising the right given to it in the issue agreement, has decided to reimburse in advance of the due dates the 3,000 bonds of 1 000 European Currency Units remaining in circulation after the amortisation of the 15th January 1979, i.e. a nominal amount of F.3,000,000.

These bonds, with Coupons Nos. 9 and 10 attached, will be redeemed at 1,000.212 European Currency Units per bond of 1,000 European Currency Units from 15th January 1979 onwards, at any of the above-mentioned banks. This sum per bond represents the amount of the reimbursement at par i.e. 1,000 European Currency Units, plus accrued interest, i.e. 0.212 European Currency Unit.

CREDIT COMMERCIAL DE FRANCE, Paris
Financial Agent to the Company

TAKEDA CHEMICAL INDUSTRIES LIMITED

Bearer Depositary Receipts representing shares of Takeda Chemical Industries Limited

Takeda Chemical Industries Limited has declared a dividend of Yen 3.75 equivalent to Yen 37.50 per Depositary share. The Depositary will pay the equivalent proceeds in U.S. dollars less taxes as applicable against presentation of Coupon No. 33.

Coupons will be accepted from Authorised Depositaries on and after 11th December 1978 and must be lodged two clear days prior to the payment.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
33 Lombard Street,
London EC3P 3BH.

AMERICAN EXPRESS COMPANY
(CDRs)

The undersigned announces that as from December 18, 1978 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 2 of the CDR's American Express Company, each repr. 5 shs., will be payable with Dfls. 3.45 net (div.per record-date 10.6.78: gross $0.40 p.sh) after deduction of 15% USA tax = $0.30 = Dfls. 0.62 per CDR. Div.cps. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA tax (= $0.30 = Dfls. 0.62) with Dfls. 2.83 net.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
29th November 1978.

ACCOUNTANT
BERMUDA
Salary $16,000 tax free

Major American group require a person in age group 22-27 years, with a minimum of four years' Reinsurance Accounts experience in UK based Brokers Company or Agency.

Excellent conditions of service in most congenial surroundings.

Please telephone in confidence quoting Ref: 38746
TREVOR JAMES
IPS GROUP
(CONSULTANTS)
Telephone: 01-481 8111

QS BANKING CONSULTANTS
seeks the following staff for a Merchant Bank

SENIOR FX DEALER
to be number two dealer, aged 27-33. Salary c £12,000 plus bonus and fringe benefits.

STERLING DEALER
Experienced person aged 28-33, salary c £10,000 plus bonus and fringe benefits.

Please Contact Mike Pope
QS Banking Recruitment Consultants
30 Queen Street, EC4
01-236 0731

ACCOUNT BY SOLICITORS RULES £6,000

What an opportunity! With your sense of humour and character, to run the office administration at top level with this firm. Taking care of personnel interviewing, attending partners' meetings and implementing their decisions are just part of this interesting, varied position. With an accounting background, your common sense says contact Judi-Ann Roscoe now on 01-828 8055.

01-828 8055/7361
Churchill Personnel Consultants
Abford House, 15 Wilton Road,
London SW1V 1LT.

APPOINTMENTS WANTED

PROFESSIONAL MAN seeks post in investment management or research in Manchester. Write Box A.6562, Financial Times, 10, Cannon Street, EC4P 4BY.

Investment Analyst

An Investment Analyst is required to join a small team at our Chief Office in High Holborn.

Ideally you should be aged 25-30 with a degree in Economics or Mathematics. A working knowledge of the investments field is necessary, particularly in U.K. equities. Eventually you will be required to perform wide-ranging duties in the Investment Department.

Salary will be negotiable. Annual productivity bonus. Fringe benefits include free lunches in staff restaurant, non-contributory pension scheme. Mortgage facilities and season ticket loans are available after a qualifying period.

Please write for an application form, giving brief details of your career to date to:

Personnel Department
(Recruitment & Training),
Pearl Assurance Co. Ltd,
High Holborn,
London WC1V 7EB.
or phone 01-405 8441.

Pearl Assurance

DIRECTOR OF PERSONNEL

Multinational Manufacturer of Heavy Industrial Equipment seeks
Outstanding Director of Personnel
with strong compensation and generalist background. Compensation attractive and location is London

Write Box F.1069, Financial Times, 10 Cannon Street, EC4P 4BY

LEADING STOCKBROKERS
in London Wall require a
CLERK

in the 20-30 age group with experience in the Arbitrage/Foreign Settlement field. Salary negotiable to be based on experience, plus bonus and superannuation scheme.

Write, giving age and experience, to Box A.6535, Financial Times, 10, Cannon Street, EC4P 4BY, or 'phone 628 5788 for an appointment.

PROFESSIONAL ACCOUNTANT

ACA £6,500+ PEII £5,000+

Medium size firm of Chartered Accountants based in Central London dealing in the audit of Public and Private companies seek recently qualified Chartered Accountant and a PEII ACA for their audit teams. Good promotion prospects for the right person. Contact Mark Madsen now on 01-828 8055.

Churchill Personnel Consultants

01-828 8055/7361
Churchill Personnel Consultants
Abford House, 15 Wilton Road,
London SW1V 1LT.

SENIOR MARKETING APPOINTMENT

A major UK financial organisation with world-wide interests wishes to make a senior marketing appointment in London.

Applicants should be mature individuals with proven experience at senior level in dealing with professional financial advisers, with particular emphasis on stockbrokers and major insurance brokers.

The remuneration together with fringe benefits will reflect the importance of this appointment.

Please write with full personal details to Foster Turner & Benson Recruitment Advertising (quoting Reference SMA), Chancery House, Chancery Lane, London WC2A 1QU. Please advise us of companies to which you do not wish your application to be forwarded.

COMPUTER BUREAU SALES

CITY — £10,500-£15,000+

Tymshare UK is a leading US Bureau specialising in the solution of complex financial problems. The Company market a range of powerful software products aimed at giving senior management direct access to accurate up-to-the-minute information making the vital decision process a quicker and surer one.

Tymshare have been operating in the UK for a little over four years and have already achieved an enviable track record having the fastest growth of any Tymshare subsidiary. To continue this pattern several senior marketing personnel are required to augment a busy team operating in Central London.

Applicants should have a minimum of 2 years sales experience, gained ideally with either a hardware manufacturer or bureau organisation. Due to the unique nature of the systems involved, extensive training in the Company's product is envisaged, together with the opportunity to move into the marketing of applications systems. Successful candidates will receive an excellent base salary, with potential to achieve earnings well in excess of £10,500 per year, car assistance and excellent conditions of employment.

To discuss the Company and vacancies in greater detail contact Tymshare's consultants:

MYRIAD MANAGEMENT SERVICES
30 FLEET STREET, LONDON, EC4. 01-353 0981

STOCKBROKERS—WEST YORKSHIRE AREA

An expanding firm of stockbrokers are seeking to make an appointment in a new office in the West Yorkshire area. The likely candidate will have an investment, merchant banking or industrial background, will be 25/35 in age and probably possess a professional qualification. The post carries the prospect of partnership.

Write Box A.6563, Financial Times, 10, Cannon Street, EC4P 4BY.

WORLD STOCK MARKETS

Early Wall St. reaction on profit-taking

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—73¾% (78¾%)

Effective $1.9450 31½% (33%)

AFTER THE good rally which developed towards the end of last week, Wall Street developed an easier tendency yesterday morning on profit-taking.

The Dow Jones Industrial Average, after regaining 21 points over the past two business days, came back 5.08 to 805.44 at 1 pm yesterday. The NYSE All Common Index was 16 cents off at $53.61, while declines outscored gains by a seven-to-six margin. Business

Closing prices and market reports were not available for this edition.

was moderate, with volume amounting to 14.90m shares, down from last Friday's 1 pm figure of 17.94m.

Analysts said a mixed performance by dollar and a rise in the price of gold was slightly unsettling, as was renewed concern that U.S. money supply growth might quicken in the coming weeks.

The market rallied last week in part on a sizeable reduction in the basic money stock and hopes that the fall might ease pressures for further credit tightening by the Federal Reserve.

Du Pont lost $1 to $122½, IBM ½ $272½, International Paper 1¼ to $38½, McDonnell Douglas $1 to $33½, Eastman Kodak $1 to $60½ and Polaroid ½ to $30½.

Aileen shed ½ to $2¾ on stating that it will take a fiscal fourth-quarter charge of $10m to close operations in Texas and its expectations of a loss for the year.

United Technologies receded 1½ to $37½. It has received tenders for more than the 17m shares of Carrier that it sought in a $28 a share bid. However, it said payment for the shares will be delayed, to permit Carrier to seek a court order blocking the purchase. Carrier had yet to trade but closed on Friday at $26.

THE AMERICAN SE Market Value Index relinquished 0.55 to 149.75 at 1 pm on volume of 2.01m shares (2.22m).

Volume leader Resorts International "A" fell 4½ to $27½ before a trading halt for dissemination of news that the New Jersey division of Gaming Enforcement may recommend a denial of a permanent gaming license to the company.

Golden Nugget lost $1 to $17½ and Nortex ½ to $9.

Syntex, which last week reported sharply higher fiscal first-quarter profits, were unchanged at $35½ in second place on the Amex actives list.

Colonial Commercial declined 1½ to $13½ and Houston Oil ½ to $17½, both in active trading.

Canada

Most sectors displayed a downward inclination in fairly active early trading yesterday. Gold shares, however, on higher London Bullion prices, advanced, leaving the share index 32.9 up at 1,305.2 at midday.

The Toronto Composite index was just 0.1 easier at 1,280.3, while Oils and Gas lost 5.3 to 1,763.7. Banks 0.57 to 305.49 and Utilities 0.56 to 197.58, but Papers put on 1.00 to 151.93.

Among Golds, Dome Mines rose 2½ to C$82¼, Camflo ½ to C$13½, Sigma ½ to C$35½ and Agnico-Eagle ½ to C$5½.

Pembina Pipe added ½ at C$7½ on higher nine-month earnings, but S. B. Mclaughlin shed ½ to C$7½ on a nine-month loss.

Tokyo

Share prices continued to forge ahead in active trading, with the Nikkei-Dow Jones Average rising 33.37 to a new record peak of 6,056.58. The Tokyo SE index advanced 1.64 to 447.64, while volume was a substantial 360m shares, although below last Friday's 700m shares and not greatly above Saturday's half-day session figure of 320.

Cement Producers, such as Sumitomo Cement and Onoda Cement, strengthened on Press reports that major Japanese cement producers have signed a big export contract with China.

Steels, Heavy Electricals and many low-priced issues were prominently higher on active buying by institutional investors and investment trusts.

Textiles moved ahead under the lead of Toyobo on expectations that Textile companies' current operating profits will be larger than expected in the current fiscal year ending next March.

Non-ferrous Metal manufacturers also rose, along with Chemicals, on news that the Commodity market is recovering.

Recently neglected Shipbuildings picked up on "cheap" buying, with Ishikawajima-Harima rising Y3 to Y107, Mitsui Engineering Y4 to Y120 and Hitachi Shipbuilding Y4 to Y105.

Paper-pulps and Public Works firmed on fresh buying, while export-orientated issues were generally higher on the dollar appreciation. Toyota Motor rose Y17 to Y900, TDK Electronics Y20 to Y1,960, Olympus Y11 to Y686 and Victor Y40 to Y1,130.

However, some recent market favourites, including Shippings and Pharmaceuticals, closed lower on profit-taking.

Germany

Stocks moved irregularly in extremely slow trading.

News of good sales results for Retailers had little effect on shares in the sector, apart from Karstadt, which rose DM 2.00.

Elsewhere, Pegussa gained DM 1 after announcing higher group turnover in the year to end September and expectations of satisfactory earnings although below the 1977 level.

VEBA, despite reporting higher provisional group net profits for the nine months to end September, shed DM 1.00, while Thyssen, which said its earnings in the year to end September were inadequate, lost 50 pfennigs.

Public Authority Bonds recovered fresh losses extending to 45 pfennigs, while the Regulating Authorities bought a nominal DM 7.5m of stock (DM 20m). Mark Foreign Loans were also lower.

Paris

Market retained a firming tendency in light trading, with sentiment helped by a reduction in the Call Money rate to 6½ per cent from 6¾.

Sectors making the best showing were Banks, Foods, Motors, Engineerings, Hotels, Stores, Electricals and Metals.

Pernod-Ricard were 2.2 up at FFr 306.5 and Beghin-Say were marginally higher after both announced higher consolidated sales for the first nine months of the year.

Paribas advanced 2.5 to FFr 206.5 and Thomson Brandt 3.9 to FFr 244.9, but Bouygues retreated 28 to FFr 76 and Rubbers had Kleber-Colombes 5 down at FFr 67.

Australia

Stocks showed a bias to higher levels, helped by improvements on both Wall Street and London stock markets last Friday and a firmer U.S. dollar.

Rumours of new diamond finds by the Ashton group sparked off fresh speculative buying in Diamond exploration issues. CRA advanced 15 cents more to A$3.45, while Ashton Mining gained 3 cents to 91 cents, Northern Mining 8 cents to A$1.38, Spargos Exploration 3 cents to 31 cents and Otter Exploration 4 cents to 39 cents.

Uraniums were mostly firmer, but Pancontinental receded a further 30 cents to A$9.60 because of Aboriginal objections to the Jabiluka mine.

Oakbridge, in Coals, gained 5 cents at A$1.55, while Oils had Santos, A$2.10, and Ampol Exploration, A$1.27, each 3 cents harder.

Among Retailers, Myers rose 4 cents to A$1.63 and Woolworths 3 cents to A$1.55.

ICI Australia rose 6 cents to A$2.12, but BHP shed 2 cents more to A$8.34 and CSR were 4 cents easier at A$3.33.

Hong Kong

The market picked up sharply in moderately active trading, lifting the Hang Seng index 19.33 to 320.07.

The rise was mainly attributed to local buying of Blue Chips and high-yielding second-liners.

Swire Pacific "A" advanced 65 cents to HK$8.00, Hongkong Bank 60 cents to HK$17.70, Hong Kong Land and Jardine Matheson 30 cents each to HK$8.25 and HK$12.30 respectively, Hutchison Whampoa 25 cents to HK$4.425 and Wheelock 15 cents to HK$2.70.

Hong Kong Wharf rose HK$2.10 to HK$27.90, Hong Kong Telephone HK$1.10 to HK$28.70, Hong Kong Hotels HK$1 to HK$19 and Hang Seng Bank HK$4 to HK$177, while Sun Hung Kai Properties put on 30 cents to HK$6.75. China Light also 30 cents to HK$23.30 and Cheung Kong 20 cents to HK$9.15.

Milan

Market staged a good advance, with Fiat leading the way on strong support and closing 79 higher at L2,879.

Italsider also featured by rising 28.5 to L347.5, while Pirelli moved ahead 24 to L1,885.

Amsterdam

Shares were generally a shade easier, but Banks and Insurances mainly hardened against the general trend.

Among Dutch Internationals, Unilever declined Fl 1.00 and Royal Dutch Fl 0.90.

Elsewhere, Elsevier lost Fl 2.00, while KLM and Van Ommeren reacted Fl 1.50 apiece, but AMEV and Ennia each gained around Fl 1.00, while Deli improved Fl 2.80.

State Loans weakened.

Johannesburg

Golds gained ground in a thin trade on higher Bullion price indications.

Mining Financials shadowed the firmer trend in gold producers in quiet dealings. Diamond share De Beers scored a net advance of 15 cents at R7.55, after reaching R7.58.

Industrials were mixed but with a firmer bias in slack trading.

Switzerland

Bourse prices were inclined to edge forward in a moderate business.

Among Pharmaceuticals, Ciba Geigy Participation Certificates put on 20 to SwFr 880 and Sandoz Bearer 75 to SwFr 3,750, while Foods had Nestle Registered 20 up at SwFr 2,250.

Banks were higher, where changed. Insurances were mixed, with Swiss Reinsurance slipping 25 to SwFr 4,625 but Zurich Insurance adding 125 at SwFr 10,975 and Buehrle 15 at SwFr 2,635.

Indices

NEW YORK—DOW JONES

	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Nov. 27	Nov. 24	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
♦Industrials	811.42	799.03	790.11	804.14	813.84	810.12	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'meB'nds*	86.26	86.41	86.44	86.50	86.71	86.88	90.86 (4/1)	86.12 (15/11)	—	—
Transport	216.60	212.56	208.71	211.87	215.04	214.60	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	99.97	99.56	99.25	99.90	99.75	99.32	110.98 (3/1)	96.35 (14/11)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	25,926	19,929	21,160	22,748	19,790	14,590	—	—	—	—

♦ Day's high 815.06 low 805.[illegible]

* Basis of index changed from Aug. 24

	Nov. 24	Nov. 17	Nov. 10	(Year ago approx.)
Ind. div. yield %	5.83	5.90	5.90	5.40

STANDARD AND POORS

	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Nov. 27	Nov. 24	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
Industrials	106.86	105.16	104.01	105.64	106.67	106.38	118.71 (12/9)	95.52 (6/3)	154.64 (11/1/73)	3.52 (30/6/32)
Composite	96.28	94.70	93.75	95.15	95.99	95.79	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Nov. 29	Nov. 22	Nov. 15	Year ago (approx.)
Ind. div. yield %	5.25	5.12	5.27	4.84
Ind. P/E Ratio	8.73	8.90	8.64	9.55
Long Gov. Bond yield	8.75	8.67	8.66	7.77

N.Y.S.E. ALL COMMON

Dec. 1	Nov. 30	Nov. 29	Nov. 28	1978 High	1978 Low
53.77	52.89	52.52	53.15	60.38 (11/9)	48.37 (6/3)

Rises and Falls	Dec. 1	Nov. 30	Nov. 29
Issues Traded	1,884	1,854	1,830
Rises	1,289	913	257
Falls	270	515	1,261
Unchanged	325	426	352
New Highs	—	2	11
New Lows	—	56	65

MONTREAL

	Dec. 1	Nov. 30	Nov. 29	Nov. 28	1978 High	1978 Low
Industrial	215.51	213.55	212.85	215.56	222.14 (11/10)	162.39 (16/2)
Combined	222.62	220.53	220.05	220.64	225.61 (12/10)	170.52 (30/1)
TORONTO Composite	1280.4	1269.8	1265.2	1267.4	1352.7 (12/10)	998.2 (30/1)

JOHANNESBURG

	Dec. 1	Nov. 30	Nov. 29	Nov. 28	1978 High	1978 Low
Gold	—	221.7	222.5	225.7	272.8 (14/8)	186.0 (28/4)
Industrial	—	285.1	284.8	284.6	281.8 (1/11)	194.9 (13/3)

	Dec. 4	Previous	1978 High	1978 Low
Australia (*)	539.67	537.38	566.79 (22/9)	411.19 (1/3)
Belgium (‡)	96.00	95.40	101.18 (6/9)	90.46 (25/8)
Denmark (**)	90.68	90.45	98.95 (14/3)	88.06 (30/10)
France (††)	76.6	76.3	83.0 (4/10)	47.8 (3.2)
Germany (‡‡)	825.9	824.20	883.5 (19/10)	769.4 (17/8)
Holland (§§)	79.3	79.6	85.1 (11/8)	76.0 (4/4)
Hong Kong (§)	320.07	300.74	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	71.68	70.65	82.25 (25/9)	55.40 (10/1)
Japan (a)	447.64	446.00	447.64 (4/12)	364.04 (4/10)
Singapore (b)	362.65	349.30	414.80 (6/9)	302.0 (9/1)
Spain (d)	(c)	90.54	110.78 (6/6)	87.86 (17/6)
Sweden (e)	370.60	370.11	408.00 (4/9)	332.74 (5/1)
Switzerl'd (f)	287.8	285.6	323.7 (14/2)	281.8 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Carrier	1,361,000	26¼	+1⅛
Ralston Purina	732,000	11⅞	−⅛
Boeing	416,100	71½	+3
Polaroid	319,300	31	+2⅜
Amer. Home Prod.	269,700	27⅝	+¼
UAL	299,600	33¼	−⅞
Pan Amer. Air	283,800	7⅞	+⅛
Western Air	231,300	9½	+⅛
Eastman Kodak	[illegible]	61½	+2⅛
Bally Mfg.	192,700	43⅞	+¾

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

♦ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ▼ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

NEW YORK

Stock	Dec. 1	Nov. 30
[illegible]	[illegible]	[illegible]

CANADA

Stock	Dec. 1	Nov. 30
[illegible]	[illegible]	[illegible]

* Bid. † Asked. ‡ Traded. ‖ New stock

GERMANY ♦

Dec. 4	Price DM	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Dec. 4	Prices Yen	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AMSTERDAM

Dec. 4	Price Fl.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

Dec. 4	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ◆

Dec. 4	Price Frs.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

Dec. 4	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Dec. 4	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Dec. 4	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

Dec. 4	Aust. $	+ or −
ACMIL (25 cents)	†0.71	+0.01
Acrow Australia	†1.00	
AMATIL $1	†2.09	+0.01
Ampol Exploration	†1.27	+0.03
Ampol Petroleum	†0.75	+0.01
Assoc. Minerals	†1.50	+0.05
Assoc. Pulp Paper $1	†1.77	
[illegible]	[illegible]	[illegible]

PARIS

Dec. 4	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Dec. 4	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

Dec. 4	Price Kroner	+ or −	Div. %	Yld. %
Bergen Bank	105.75	+0.75	9	8.7
Borregaard	64	−1	—	—
Creditbank	127.75	+2.75	11	8.5
Kosmos	335	+5	20	6.0
Kreditkassen	114.5	+0.5	11	9.7
Norsk Hydro Kr 20	187.5	+2.5	12	3.1
Storebrand	91.25	−1.25	7	7.8

BRAZIL

Dec. 4	Price Cruz	+ or −	Cruz Div.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Turnover Cr.34.8m. Volume 33.6m. Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

Dec. 4	Rand	+ or −
[illegible]	[illegible]	[illegible]

INDUSTRIALS

Dec. 4	Rand	+ or −
[illegible]	[illegible]	[illegible]

Securities Rand US$0.66½ (Discount of 42.4%)

SPAIN ▼

December 4	Per cent	+ or −
[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Jan Vol.	Jan Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
ABN	F.380	—	—	5	15	—	—	F.371
AKZ	F.25	—	—	9	6	—	—	F.28.60
AKZ	F.30	—	—	28	2.90	11	[illegible]	..
AKZ	F.32.50	10	0.40	—	—	20	2.90	..
AKZ	F.35	—	—	12	1.10	—	—	..
EK	$50	1	11½	—	—	—	—	$61
EK	$60	2	3½	—	—	—	—	..
EK	$70	28	⅜	—	—	1	3¼	..
HO	F.32.50	—	—	5	5.60	—	—	F.34
HO	F.35	—	—	—	—	20	4.00	..
HO	F.37.50	13	0.60	5	2.50	—	—	..
HO	F.40	—	—	—	—	10	3	..
IBM	$260	4	18½	—				$272½
IBM	$280	1	6½	1	14⅜	5	20⅜	..
IBM	$300	9	⅞	—	—	5	21	..
KLM	F.120	—	4	—	—	—	—	F.128
KLM	F.130	61	4	—	—	—	—	..
KLM	F.133.30	42	3.20	—	—	—	—	..
KLM	F.140	21	1.50	21	6	2	8	..
KLM	F.150	—	—	—	—	1	3.10	..
KLM	F.170	—	—	—	—	—	—	..
NN	F.100	—	—	5	15.50	—	—	F.110.30
NN	F.110	—	—	10	7.50	—	—	..
NN	F.120	—	—	6	3.40	—	—	..
PHI	F.25	17	0.70	—	—	25	2.50	F.24.40
PHI	F.27.50	13	[illegible]	57	0.90	—	—	..
PHI	F.30	50	0.10	50	0.50	—	—	..
PRD	$50	1	4¼	1	6½	—	—	$51⅝
PRD	$60	10	½	—	—	—	—	..
RD	F.120	80	5.80	—	—	—	—	F.122.40
RD	F.130	75	1	—	—	5	5	..
UNI	F.120	—	—	7	6.50	—	—	F.121
		Feb.		May		August		
BA	$60	4	13¼	—	—	—	—	$71⅝
BA	$70	7	6½	11	9½	—	—	..
BA	$80	5	2⅜	10	5½	—	—	..

TOTAL VOLUME IN CONTRACTS 808

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
American Express Bk.	12½%
Amro Bank	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Gauranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13 %
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%, 1-month deposits 10½%.

† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½%, and over £25,000 10¾%.

§ Call deposits over £1,000 10%.

‡ Demand deposits 10%.

هكذا من الأصل

FARMING AND RAW MATERIALS

Freeze may not hit UK farmers —Silkin

By John Cherrington, Agriculture Correspondent

FARMERS ATTENDING the Smithfield Show, which opened at Earls Court yesterday, were given some encouragement by Mr. John Silkin, Minister of Agriculture.

Mr. Silkin stated that while he was all in favour of a "freeze" on European Community prices, particularly for surplus products, the UK Government did have room for manoeuvre as far as British prices were concerned in that there could be a devaluation of the "green pound" to some extent at the next farm price review.

He qualified this by saying that the national interest would be the guiding factor and Mr. Silkin would not be drawn as to what the national interest really was.

However, Mr. Silkin was adamant that there would be no "trade off" between farming, fishing and the European Monetary System negotiations. His view was that every issue must be judged on its merits.

After claiming that agricultural surpluses really originated in Europe he said that the last word had not been spoken on national policies. If some countries used farm prices to finance social measures there was no reason for consumers alone to foot the bill.

The Show is a success. All space is taken and even more manufacturers have been squeezed in while the cattle have been shunted to a side hall well out of sight.

The cattle quality is good and more than ever pay tribute to the enterprise of those who imported the Charolais breed nearly 20 years ago. The cross-bred section is dominated by this blood and the champions will undoubtedly have some of this strain.

While examining the machinery Michael Edwardes, chief executive of BL, insisted that his company's tractors should hold a bigger share of the home market and this should go up from 5 to 10 per cent in the next year.

Peru mine strike helps to boost copper market

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose on the London Metal Exchange yesterday to the highest level since June following news of an indefinite strike by Peru's Cuajone workers and another fall in warehouse stocks. Cash wirebars closed £8.25 up at £772.5 a tonne.

The market opened on a firm note reflecting the higher trend in New York on Friday and a fall of 2,750 tonnes in warehouse stocks reducing total holdings to 337,300 tonnes—the lowest level since August, 1975.

Further strength was added by the news of the strike by 1,800 workers at the Cuajone copper mine in Peru to back demands for higher wages and the dismissal of four senior executives. Cuajone has an annual capacity of 180,000 tonnes of copper.

Meanwhile, moves to settle the long-standing strike by International Nickel of Canada workers at the company's Sudbury mines are to go ahead this week. Union and company representatives have agreed to meet on Thursday, with a mediator provided by the Ontario Labour Ministry, to resume talks on the terms of a new contract. The strike started on September 11 when contract talks broke down in disagreement.

Main output at the Sudbury mines, where there are some 11,700 employees, is nickel but copper, platinum and cobalt are all produced as by products.

Asarco announced yesterday it will resume casting copper wire-bars at its Amarillo plant in Texas in about two weeks after stopping production for seven months. It is understood that the company has now run down its surplus stocks.

There is reported to be a general shortage of good quality brands both in the U.S. and Europe, with substantial premiums being paid. This has provided a firm undertone to the market recently.

Tin prices lost ground, despite an unexpected fall in warehouse stocks. The stocks fell by 230 tonnes wiping out the increases of the past two weeks and cutting total holdings back to 2,110 tonnes.

Values were initially higher, encouraged by the further rise in the Penang market over the weekend, but "hedge" selling by the trade reversed the upward trend and touched off nervous selling. As a result cash tin closed £80 lower than Friday at £7,495 a tonne after trading at £7,630 earlier in the day.

There was a similar pattern in the lead market. There was a much bigger than expected decline in warehouse stocks, which fell by 7,000 tonnes to total holdings of 19,850 tonnes — the lowest figure since the beginning of 1975.

Values rose strongly at first, but were then hit by profit-taking and stop-loss selling. By the close cash lead was £432.5 a tonne, £10.5 down from the all-time peak reached on Friday last week when values soared on fears of a supply squeeze developing.

As expected, zinc stocks showed little change rising by 25 tonnes to a total of 72,000 tonnes. LME silver holdings declined by 180,000 to 23,330,000 ounces.

The Bank of England is currently conducting its normal monthly survey of the "forward positions of all metals traded on the London Metal Exchange," a bank spokesman told Reuters yesterday.

He was asked to comment on market rumours in New York that the Bank was dissatisfied with the recent pattern of LME lead trading.

The spokesman said there was nothing unusual or exceptional about the survey which the Bank always carried out at the end of each month.

Doubts over coffee sales hit prices

By Our Commodities Staff

UNCERTAINTIES over the selling strategy of mild coffee producing countries were reflected in falling price on the London terminal market yesterday.

In the absence of other factors the doubts helped to depress prices and the three months position closed at £1,278.50 a tonne, a loss of £33 on the day.

In Brazil the president of the Coffee Institute denied reports that action was planned in the next few days to make Brazilian coffee more competitive with supplies from Africa and Central America.

Mr. Camillo Calazans said there were a number of optional marketing strategies open to the Government but these were still under consideration by the Commerce Minister.

No coffee has yet been sold for January shipment and buyers have so far shown no interest in next year.

Reuter reported that trade sources in Rio de Janeiro expected measures shortly to make Brazilian coffee more competitive.

Minimum export registration price for January is now $1.60 a pound. Discounts of around 25 cents would be needed to bring this price closer to the selling rate in other coffee producing countries.

● The Cameroon coffee crop this season may be 10,000 tonnes heavier than earlier estimates suggested, the national commodity board said. Output could now reach 90,000 to 100,000 tonnes.

Ghana cocoa purchases

ACCRA, Dec. 4.

THE GHANA COCOA Marketing Board purchased 23,430 tonnes of cocoa during the eighth week of the current season.

This brings total purchases so far this season to 122,880 tonnes, compared with 80,535 tonnes in the comparable part of last year, Reuter reports.

In London yesterday an International Cocoa Organisation preparatory committee began two weeks of talks aimed at completing a working draft for a new International Cocoa Agreement.

A full negotiating conference has been called provisionally from January 22 to March 2 in Geneva.

The present agreement, negotiated in 1975, is due to expire at the end of September, 1979.

JAPANESE AGRICULTURE

Farm problems just like Europe

BY GUY DE JONQUIERES, RECENTLY IN JAPAN

THE VIEW from the "Bullet" high-speed train, as it travels the 250-odd miles from Tokyo to Kyoto, is mainly ragged urban and industrial sprawl, punctuated only occasionally by stretches of open countryside.

Yet in the spaces not covered by roads or buildings, almost every square foot of land appears to be under cultivation. Rice paddies, often no bigger than a suburban London garden, flourish under the shadow of factory walls, while citrus trees and tea plants sprout in well-ordered profusion from high up on the steepest hillsides.

Because less than a fifth of Japan's surface is suitable for cultivation, there is a high premium on using even the smallest tracts of land. But though extremely intensive, agriculture is inefficiently organised.

Japan remains heavily dependent for its indigenous food supplies on an irregular army of small-scale farmers whose output is both inadequate and ill-matched to the country's needs.

Much of the problem springs from the pattern of land ownership set after the second world war, when the authorities bought up large old estates and sold them off in small parcels to owner-occupiers.

As a result, the average farm holding is a mere 1.1 hectares (about 2.5 acres). More than 40 per cent of farms are smaller than 0.5 hectare, and less than 10 per cent exceed 3 hectares. By comparison, the average farm size in the EEC—hardly a paragon of agricultural efficiency—is 18 hectares and in the U.S. 157 hectares.

Soaring land prices have encouraged farmers to hang on to their holdings as an investment. But incomes from farming are modest, averaging only about 40 per cent of those in industry. Most farmers supplement their earnings through part-time or full-time jobs outside agriculture.

The system has some advantages. In boom periods, farming has supplied a ready pool of relatively cheap labour for manufacturing industries: in the 1960s about 500,000 workers left the land every year to take jobs in the cities. But the process has also worked in reverse.

During the recent recession significant numbers of younger people, known quaintly as "U-turn youth," returned to family farms, knowing that they were assured at least of a subsistence income.

But the costs of maintaining the system, both to the consumers and the taxpayer, are high. Its failings show through most clearly in the perennial surplusses of rice, which accounts for about one fifth of the total volume of domestic agricultural production.

The harvest during the current fiscal year, ending in April is expected to be about 0.5m tonnes higher than demand, estimated at almost 12m tonnes. Because the rice is of the round-grain variety, for which there is little demand outside Japan, export possibilities are limited. Most of the surplus will be stored with the 6m tonnes already in Government warehouses until it can be disposed of, almost certainly at a substantial loss.

The major cause of this imbalance is the long-standing Government policy of purchasing unlimited quantities of rice from producers at a guaranteed price, set this year at 287,000 yen (£765) per tonne. It is then re-sold to wholesalers at a subsidised price almost 15 per cent below the level paid to producers.

Budget

At a conservative estimate, the rice support programme will cost the Government some 800bn yen in fiscal 1978, absorbing 90 per cent of the agricultural stabilisation budget.

The Government is trying to reduce the surplus but is fighting an uphill battle. Advances in technology and increasing mechanisation have led to steadily improved yields. While the growth of affluence has wrought changes in the eating habits of consumers.

Western-style food is gaining popularity, though it is often more expensive than traditional food, and the average Japanese now consumes only three-quarters as much rice as he did in 1960.

At the same time, attempts to diversify agricultural production to satisfy new types of demand have so far met with very mixed success. With the exception of rice, vegetables, eggs and some citrus, the self-sufficiency ratio for every major category of foodstuff fell between 1960 and 1975. Japan imports a greater proportion of its total needs than any other major industrialised country.

The Government accepts that imports will remain the principal source of supply of a number of products, notably grains and feeds, in the future. Not only is Japan's agricultural land extremely restricted, but production costs are high by world standards.

Nonetheless, the Agriculture Ministry insists that efforts should continue to close the gap between supply and demand wherever possible. Though the list of items subject to quantitative import restrictions have been cut to 22 from more than 70 in 1965, the Ministry is stiffly resisting any further liberalisation.

The U.S. obtained a modest increase in beef quotas last year only after applying heavy diplomatic pressure and is still urging Japan forcefully to accept higher citrus imports. Demands by New Zealand that Japan buy more of its meat and dairy exports have been flatly rejected.

The policy reflects a concern, sharply underlined by the 1973 oil crisis, about the dangers of becoming too dependent on outside suppliers for basic needs. A second, and in some ways more important reason is the extensive political influence exerted by Japanese farmers, which exceeds even that enjoyed by their European counterparts in their hey-day.

The Liberal Democratic Party, which has ruled Japan without interruption for more than 20 years, is sometimes referred to as the "farmers' party." But in practice no party, even the Communists, can afford to neglect the farm vote.

This is so because Japan's parliamentary constituencies have been adjusted fully to take account of the drift of population from the country to the cities that has taken place since the war. As a result, only a third as many votes are needed to win an election in a rural constituency as in an urban one.

Officials in Tokyo point out that a number of their problems are similar in kind, if worse in degree, to those confronting governments in Europe. Certainly, it would be hard for even the most diehard supporter of the Common Agricultural Policy to claim a superior record in terms of balancing supply and demand, or open market policies.

But it is hard for the European observer to know whether to be consoled or dismayed that the Japanese, with their formidable reputation for technical ingenuity, have been no more successful than the EEC in finding workable solutions.

Bacon discounters under fire

BY OUR COMMODITIES STAFF

DISCOUNTERS and dumpers are threatening to disrupt and damage the British bacon market, Mr. Svend Bernsen, managing director of Ess-Food (UK), the company distributing Danish bacon in Britain, told the Irish National Pig Conference.

He also made a thinly veiled and heavily sardonic attack on Irish exporters who have been consistently among the cheapest suppliers in the UK.

He told the Dublin conference: "We have from Ireland seen some strange price moves over the last year, and I must say, a very flexible pricing system," he noted.

The Danes, who have more than a half of the UK market and usually take the initiative in price policy for the whole bacon trade, have recently been pushing the price of bacon up and were angered in September when the Irish cut their list price by almost £100 a tonne, opening a gap of £125 between Eire and Danish sides.

But the Danes are most critical of the "special deal" discounts offered secretly in the market by some suppliers.

"With the UK trade the way it is today the supplier who offers discounts is on a very slippery slope," Mr. Bernsen warned.

He had a good word for some dealers but only condemnation for other suppliers who regarded the UK as a useful place for selling off surpluses.

Such supplies were often small, but they could gravely damage the market, he added.

In a perfect market discounts at first-hand level would be passed on to shoppers in retail price cuts, but there were no guarantees that this would be done or that bacon sales in general would benefit.

"In my opinion discounts are only too often a poor substitute for good marketing and merely reflect the strength of the trade buyer on one side and the weakness of the supplier on the other," Mr. Bernsen said.

The danger was that the cut-price policy could become a way of life and buyers would bring increasing pressure to bear on suppliers for price reductions.

And he also repeated a warning given recently in Copenhagen about the dangers of allowing quality to deteriorate.

"In today's marketing environment even low-priced bacon is expensive and doubly so if quality is missing," Mr. Bernsen commented.

"There is always the danger that the housewife who finishes up with a poor quality product will become disillusioned."

Mr. Victor Young, marketing manager of the Irish Pigs and Bacon Commission, said yesterday that he supported the Danes' contention that quality had to be maintained. But he rejected the suggestion that Irish bacon curers' standards had slipped.

Mr. Bernsen aimed to be provocative, he said, and his comments were probably valid.

POOR DEMAND HITS TEA

Tea prices fell back at the London auctions yesterday in the face of reduced demand for the medium quality teas in particular.

Average price indications were that quality was 2p cheaper at 184p a kilo, medium fell by 4p to 118p, but plain teas were unchanged at 7[illegible]p reflecting good demand for dusts.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground on the London Metal Exchange. After opening around £785 forward metal pushed ahead to £791 in the rings owing to speculative and chartist buying coupled with a fall in sterling against the dollar. The price rose ahead to £792 in the afternoon in line with Comex, following news of a strike at a mine in southern Peru. However, a steadier trend in sterling and lack of follow-through buying saw forward metal ease back to £786.5 on the late kerb. Turnover 23,175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	772-.5	+9	772-.5	+8.25
3 months	789-.5	+8.5	790-.5	+8.5
Settlem'nt	772.5	+9	—	
Cathodes				
Cash	760-1	+10	761-.5	+11
3 months	778.5-9	+10.5	779-80	+10
Settlem'nt	761	+10.5	—	
U.S. Smt.	—		*78	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £773, three months £787, 87.5, 88, 88.5, 89, 89.5, 90, 90.5, 90, 89.5, 89. Cathodes: Three months £778, 77.5, 78.5. Kerb: Wirebars, three months £789, 88.5, 89, 89.5, 89. Afternoon: Wirebars, three months £790.5, 89, 89.5, 92, 92, 91.5, 91, 90.5, 90, 90.5. Kerb: Wirebars, three months £789, 90.5, 90, 90.

TIN—Easier. Forward standard material opened around £748 on the pre-market and rose to £7,500 following an unexpected fall in warehouse stocks. However, the market failed to hold this level as hedge selling depressed the price to £7,470 on the morning kerb. In the afternoon the market continued to ease with bull liquidation and nervous selling touching off stop-loss selling which left forward metal at £7,520 on the late kerb. Turnover 960 tonnes.

[illegible]

LEGAL NOTICES

In the HIGH COURT OF JUSTICE OF ENGLAND Chancery Division Companies Court. The Companies Act 1948. In the Matter of NORTHUMBERLAND INSURANCE CO. LIMITED. Nature of Business: Insurers. Winding-Up Order made 31 July 1978. Date and Place of First Meetings: Creditors: On 19 December 1978 at Atlantic House, Holborn Viaduct, London EC1 at 11 a.m. Contributories: On the same day and at the same place at 12 Noon.

[illegible]

No. 003714 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PIERPOINT & SONS (HOMES) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 20th day of November 1978, presented to the said Court by JAMES H. PULLIN & COMPANY LIMITED whose Registered Office is [illegible]

J. B. CLEMETSON, Official Receiver and Provisional Liquidator.

EDUCATIONAL

FRENCH INSTITUTE

10-week Intensive Day Course in Oral French commencing 8th January. Interviews 11th to 15th December.

Details: 14 Cromwell Place, SW7 [illegible]

COCOA

Cocoa futures traded within a narrow range during a very quiet and featureless day to remain marginally higher than Friday's close, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated

	Dec. 4 1978	+ or —	Month ago
Metals			
Aluminium	£710		£710
Free market (cif)	$1,150 60		$1,055 65
Copper cash W Bars	£772.5	+8.25	£759
3 months do. do.	£790.25	+8.5	£779.75
Cash Cathode	£768	+11	£746.5
3 months Do. do.	£779.5	+10	£767.5
Gold Troy oz.	$196.5		$[illegible]
Lead cash	£432.5	—10.5	£424
3 months	£405.5	—6	£418
Nickel			
Free Market (c.i.f.)(lb)	$1.68		$1.75
	1.60	—1	1.86
Platinum troy oz.	£156		£143
Free Market	£169.75	—5.4	£174.9
Quicksilver	$145 48	—1.5	$[illegible]
Silver troy oz.	[illegible]	—0.15	[illegible]
3 months	314.15	—0.10	[illegible]
Tin Cash	£7,495	—80	[illegible]
3 months	£7,557.5	—75	£7,785
Tungsten	[illegible]		[illegible]
Wolfram 22.04 lb	[illegible]		[illegible]
Zinc cash	£358.25	—2	[illegible]
3 months	£348.5	—1.5	[illegible]
Producers	$720		[illegible]
Oils			
Coconut (Phil.)	$860		$880
Groundnut			
Linseed Crude	£358	+5	£351
Palm Malayan	$595	—5	$617.5
Seeds			
Copra Philip	$565	+5	$600
Soya bean (U.S.)	$280	+.25	$289
Grains			
Barley			
Home Futures	£86.6	—0.05	£82.2
Maize			
French No. 3 Am.	£108	+0.5	£103.75
Wheat			
No. 1 Red Spring	£95.75		£93
No. 2 Hard Winter	£95.5		£94
English Milling	£94		£91.5
Cocoa Shipment	£2,182.5	—7.5	£2,048
Future Mar.	£2,122	—8	£2,072.5
Coffee Future			
Mar.	£1,278.5	—33	£1,456.5
Cotton 'A' Index	[illegible]	—0.5	[illegible]
Rubber kilo	[illegible]	—0.75	[illegible]
Sugar (Raw)	£100	—1	[illegible]
Wooltops 64s Kilo	[illegible]		[illegible]

* Nominal. † New crop. ‡ Unquoted. [illegible]

★

COTTON—Spot and shipment sales in Liverpool amounted to 617 tonnes. Further substantial demand developed. Interest ranged over numerous qualities, with central African and South American growths in constant request.

Cotton outlook index A yesterday 80.55.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.60; codlings £4.00-£4.70; large haddock £4.50-£5.00, medium £4.00-£4.60, small £3.00-£3.60; large plaice £6.30-£6.70, medium £6.40-£7.00, best small £5.60-£7.00; large skinned dogfish £8.00, medium £5.50; large lemon soles £10.00, medium £8.50; rockfish £2.60-£3.40; saithe £2.60-£3.70.

★

FINANCIAL TIMES			
Dec. 1	Nov. 30	Month ago	Year ago
265.08	265.63	267.18	259.94

(Base: July 1, 1952=100)

REUTERS			
Dec. 4	Dec. 1	Month ago	Year ago
1519.8	1522.2	1530.1	1425.5

(Base: September 18, 1931=100)

DOW JONES				
Dow Jones	Dec. 1	Nov. 30	Month ago	Year ago
Spot	393.56	[illegible]	[illegible]	368.17
Futures	390.43	[illegible]	[illegible]	360.51

(Average 1924-25-26=100)

MOODY'S				
Spot Commodity	983.4	[illegible]	[illegible]	825.9

(December 31, 1931=100)

Malta acts on foot and mouth threat

By Our Own Correspondent

VALETTA, Dec. 4.

AN OUTBREAK of foot and mouth disease, the second to hit Malta in the past three years, appears to have been brought under immediate control following the swift imposition of stringent precautionary measures by Mr. Freddie Micallef, Agriculture Minister.

Official sources confirmed today that no new cases were reported over the weekend.

Herds of cows and goats on the farm where last week's case was discovered have been destroyed while the farm was completely isolated. Herds on other farms are being immediately vaccinated to stop the disease spreading.

The spectre of another foot and mouth outbreak is particularly disconcerting to both farmers and the Government in view of the raging epidemic of African swine fever which since last March has killed nearly 70,000 pigs.

Indian jute mills strike threatened

By Our Own Correspondent

CALCUTTA, Dec. 4.

INDIAN JUTE mill workers have finally decided to go on an indefinite strike from January.

A meeting convened by West Bengal Labour Minister, Krishnapada Ghosh, failed to resolve the deadlock in wage negotiations between the Indian Jute Mills Association and the trade unions concerned. All the labour unions operating in the industry are unanimous that a strike must be called from January 5.

The jute industry is worried that a strike at this stage would seriously damage business prospects in the overseas markets. The prolonged bargemen's strike has already affected the foreign buyers confidence in the Indian industry's ability to deliver goods in time, it is claimed.

INDIA CONTROLS OIL IMPORTS

NEW DELHI, Dec. 4.

India will channel future imports of all edible oils and oilseeds through the State Trading Corporation with immediate effect, the Commerce Ministry said.

The edible oils and oilseeds affected include copra, groundnut oil, sunflower oil, rapeseed oil, palm oil, and soya bean oil, the Ministry added.

Previously edible oils and oilseeds were imported under an open general licence.

Reuter

STOCK EXCHANGE REPORT

Equity leaders firm again in another idle trade

Share index up 3.6 at 489.9—Gilts and Golds steady

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9

* "New time" dealings may take place from 9.30 am two business days earlier.

After a steady opening, leading equity shares made a short upward spurt which put the FT 30-share index four points up in the space of a couple of hours between 10 am and noon. Conditions were then looking promising for the recent technical rally to be taken a stage further given the underlying stock shortage.

However, no follow-through support was forthcoming and prices did no more than hold the slightly enhanced levels for the rest of the day before easing slightly towards the close. The index was finally 3.6 better at 489.9, which takes its recovery from mid-November to nearly 19 points, or 4 per cent.

Yesterday's demand included a few large deals, but the level of trade remained extremely small as seen in official markings of 4,642—considerably better than Friday's meagre 3,218 but virtually unchanged on the 4,554 recorded on Monday of last week.

Genuine investors are, presumably, still content to hold back awaiting economic pointers, the outcome of the two-day European Council talks which started yesterday on the creation of a new monetary system for Europe and for some consensus to emerge on the outlook for UK inflation.

Features yesterday, therefore, emerged chiefly from special situations and from leading companies in the news or due to announce trading statements. In the latter category, Pilkington rose 8 to 310p, after 315p, and index constituent GEC put on 5 to 336p; interim statements are due tomorrow and Thursday respectively.

Short-dated Gilt-edged securities continued to make progress, a fairly steady demand in this sector of the market leaving quotations with gains ranging to ⅛. Activity in the later maturities was at a low ebb and, apart from a small demand for Exchequer 10 per cent, 1983, up ⅛ at 89½, prices rarely stirred from Friday's closing levels. Nevertheless, the underlying tone was steady to firm. Yesterday's economic indicators, the Wholesale Price Indices and the estimated Public sector Borrowing Requirement for the third quarter of 1978, had little impact on sentiment.

A subdued business in the investment currency market saw the premium drift down in listless trading to touch 75 per cent before closing a net 2½ lower at 75¾ per cent. Yesterday's SE conversion factor was 0.7607 (0.7336).

Contracts in the Traded Option market amounted to a modest 379, around 130 fewer than last week's daily average. GEC were lively with 124 trades; the interim results are due on Thursday.

Banks up again

The firm conditions which ruled in Banks last week following publicity given to a broker's circular continued yesterday and the major clearers closed with fresh gains of up to 5. Still reflecting the belief that Ireland join the projected European Monetary System, Ban kof Ireland put on 8 to 408p. Elsewhere, Standard Chartered added 4 to 418p in response to Press comment and Brown Shipley gained 2 to 235p for a similar reason.

Mirroring market sentiment, Insurances made further progress. Improvements of 8 and 9 respectively were seen in GRE, 232p, and Royals, 367p, while Stenhouse firmed 6 to 105p on speculative support.

Distillery issues remained firm in slack business. Following further Press comment, Arthur Bell added 4 to 252p. Support was also forthcoming for Highland, 8 better at 163p, and Invergordon, 6 to the good at a 1978 high of 160p. Among Breweries, Davenports gained a penny to 77p after the slightly improved annual results.

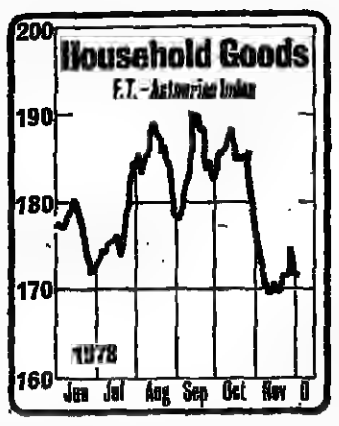
Buildings made reasonable headway, but trade remained light. Blue Circle firmed 8 to 272p, while BPB Industries 10 to 260p following weekend Press comment highlighting the recently-announced interim results. Marshalls (Halifax) became a late firm feature rising 5 to 138p, after 140p, in response to the better-than-expected mid-term profits and the Board's confident statement. Erith encountered further support, adding 4 for a two-day rise of 7 at a high for the year of 105p. Press comment on the expansion of its U.S. activities lifted Redland 4 to 164p and small buying promoted a gain of 5 to 232p in Richard Costain.

Likely benefits of a currently firmer U.S. dollar directed early attention towards ICI which closed 6 to the good at 378p, after 379p. British Benzol gained 3 to a 1978 peak of 33½p in a thin market, but profit-taking clipped 4 from recently firm Stewart Plastics at 179p.

Stores firm

Early demand for leading Stores soon petered out, but improvements ranging to 6 were still left at the close. Gussies A advanced 6 to 312p, Mothercare added 4 at 154p and Marks and Spencer 3 to 88p. Burton attracted fresh speculative support which left the ordinary 2 harder at 184p and the A 4 up at 172p. Elsewhere, MFI revived with a rise of 5 to 162p, while Freemans continued firmly at 370p, also up 5 and Liberty rose the same amount to 180p in a thin market. Buying ahead of Friday's annual results lifted K Shoes a further 3 to 77p.

Further Press mention stimulated fresh interest in GEC, which pushed ahead in the course of a reasonably brisk trade to close 5 dearer at 338p; the interim results are due on Thursday. Elsewhere in the Electrical leaders, Thorn made progress at 368p, up 7, while Plessey held steady at 108p in front of today's half-yearly statement. Among secondary stocks, revived speculative demand left MK Electric 6 higher at 222p, while Comet Radiovision continued to benefit from last week's good annual results and improved 3 to 142p. AB Electronic improved a similar amount to 150p in response to favourable week-end Press comment.



Standing a few pence firmer in front of the figures, Matthew Hall reacted sharply on the disappointing third-quarter profits to close 10 lower on balance at 213p. Following last Friday's jump of 82 which greeted news of GEC's surprise bid approach, Avery's improved 3 to 239p. The Engineering leaders plotted an irregular course with Vickers closing 4 off at 196p and Tubes 2 dearer at 398p.

Shipbuilders were featured by a fall of 6 to 153p in Swan Hunter following disappointment with details of the board's reconstruction proposals.

The trend in Foods was to higher levels despite a further contraction in trading volume. Odd notable firm spots included J. Sainsbury, which firmed 5 to 240p, and Tate and Lyle, which hardened 3 to 185p. British Sugar, at 148p, also improved 3: the interim results are due on Thursday. Favourable mention directed buyers towards Squirrel Horn which put on 3 to a 1978 peak of 44p.

Ladbroke featured Hotels and Caterers, rising 5 to 173p, after 177p, on the board's forecast of pre-tax profits substantially in excess of £31m.

Chubb good

Miscellaneous Industrial leaders closed below the best with buying interest waning as the day progressed. Demand ahead of tomorrow's first-half figures saw Pilkington touch 315p before closing a net 8 higher on the day at 310p, while details of the group's American acquisition left Boots 4 up at 201p, after 202p. Still reflecting Friday's statement from the board that talks for the possible sale of its Canadian interests are continuing with other parties, Reed International gained 2 more to 159p, after 162p. Elsewhere, Press suggestions of an imminent bullish broker's circular and of bid possibilities directed fresh speculative support to Chubb which followed Friday's gain of 5 with an advance of 10 to a 1978 peak of 156p. Higher interim earnings helped Vinten put on 6 to 151p and I.C. Gas improved 5 more to 373p, the latter ahead of next Tuesday's preliminary figures. Wilson Walton firmed 5 to 41p and European Ferries appreciated 3½ to 128½p. Hong Kong issues, particularly dull of late, perked up with the help of Press comment. Jardine Matheson gained 7 to 178p and Swire Pacific jumped 11 to 117p.

In the Leisure sector, Campari "B" moved up 4 to 104p, but profit-taking trimmed that much from recently firm Black and Edgington, at 92p. Acquisition news lifted Saga 3 to 162p.

A slight increase in buying interest was apparent in Motor sectors although trade was slim. Lookers firmed 4 to 81p on a single buyer, while Harold Perry rose a like amount to 119p, after 121p. Lotus put on 2 to 51p ahead of the better half-time figures and held steady to close at that level. Among components, Wilmot Breeden hardened a penny more to 78p on the talks with Rockwell International, and Associated Engineering gained 1½ to 117½p following a week-end investment recommendation.

In quiet Paper/Printings, Mills and Allen, subject of bid speculation recently, added 5 for a three-day rise of 20 to 232p. John Waddington were also good, and firmed 4 to 196p in a thin market.

Properties made early scattered progress and generally held the higher levels. Responding to favourable weekend comment, London and Provincial Shop Centres stood out with a gain of 8 at a high for the year of 138p.

Oils drift back

Leading Oils got off to a firm start, but drifted back on lack of follow-through support and final quotations were a few pence down on balance. British Petroleum touched 950p before settling at 942p for a loss of 2 on the day, while Shell finished only a penny harder at 586p, after 592p. Royal Dutch gave up ⅜ to £39⅜ in sympathy with the dollar premium. Among the more speculative issues, late offerings left Tricentrol 3 cheaper at 165p, after 172p.

Despite the chairman's guarded warning concerning year-end profits, Paterson Zochonis ordinary and "A" improved 7 to 190p and 185p respectively. Inchcape, heavily down last week following the large debt provision, found support and rallied 8 to 305p. Gill and Duffus were also firm, rising 4 to 147p.

Scattered buying interest was again evident in the Trust sector. Argo, 127p, and Cambrian and General, 92p, improved 3 apiece, while in Financials Akroyd continued firmly at 198p, up 2.

Shippings maintained the recently firmer trend. Lofs, however, eased 1 to 39p on the half-year trading loss.

One or two bright spot stood out in generally idle Textiles. Charles Early and Marriott rose 5 to 31p after 33p, due to favourable Press mention. John Foster added 2 for a two-day gain of 6 at 47p, on hopes of a bid from Vantona which holds a 17 per cent stake in Foster. Atkins Brothers reported a downturn in interim profits and eased a penny to 53p.

Australian gains

Interest in mining markets was again mainly centred on the Australian section and, in particular, on diamond exploration issues.

Although not as busy as last Friday, diamond issues continued to attract speculative London interest, which, coupled with a good performance in overnight domestic markets, enabled prices to improve further despite the fall in the investment premium.

Conzinc Riotinto, the major participant in the Ashton venture, led the way—a rise of 4 to 272p, while Haoma Gold added 3 at 35p and North West Mining 2 at 30p, the last-named following favourable Press mention.

Other features in Australians included Hampton Areas, which advanced 10 more to a 1978 high of 150p following news that Colonial Mutual Life Assurance had acquired a 13.9 per cent stake for 150p a share and is to discuss a possible offer to all shareholders at the same price.

On the other hand, a withdrawal of the recent speculative support saw Whim Creek slump 30 to 60p.

A further gain of $5 in the bullion price to $199.375 per ounce in front of tomorrow's International Monetary Fund gold auction failed to arouse much interest in South African Gold shares, which were also affected by the lower premium.

The Gold Mines index, including the premium, eased 0.1 to 124.7, while the ex-premium added 0.9 to 94.9.

In London-registered Financials, consideration of the company's 8.4 per cent interest in the Ashton diamond venture prompted a good demand for Tanks, which closed 4 better at 170p. The rise in the gold price enabled Gold Fields to put on a similar amount to 182p, yesterday the company stated that it is not currently contemplating floating off Amey Roadstone.

Saint Piran featured in Tins; the shares improved 4 to 84p reflecting buying in front of the interim results which are expected next Tuesday.

Elsewhere, Messina rose 8 to 58p following a further cancellation of the board meeting which is now scheduled for today.

FINANCIAL TIMES STOCK INDICES

	Dec. 4	Dec. 1	Nov. 30	Nov. 29	Nov. 28	Nov. 27	A year ago
Government Secs.	68.72	68.66	68.50	68.53	68.55	68.59	74.30
Fixed Interest	70.01	69.97	69.98	69.96	69.94	69.93	77.14
Industrial Ord.	489.9	486.3	481.5	489.0	489.9	484.9	486.5
Gold Mines	124.7	124.8	124.3	124.1	125.3	129.6	142.4
Gold Mines (Ex-$ pm)	94.9	94.0	93.3	93.1	93.6	97.2	102.8
Ord. Div. Yield	5.89	5.92	5.98	5.90	5.89	5.84	[illegible]
Earnings Y'ld % (full)	15.45	15.53	15.71	15.49	15.44	15.35	16.65
P/E Ratio (net) (*)	8.56	8.51	8.32	8.54	8.56	8.59	8.65
Dealings marked	4,642	3,218	4,234	4,081	5,155	4,554	4,101
Equity turnover £m	—	67.39	62.69	65.35	64.45	66.82	82.86
Equity bargains total	—	12,467	13,558	15,033	16,587	15,640	10,927

10 am 490.7. 11 am 490.4. Noon 490.7. 1 pm 490.5. 2 pm 490.2. 3 pm 490.3.

Latest Index 01-246 8026.

*Nil=8.11.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	[illegible]	[illegible]	127.4	49.18
Fixed Int.	[illegible]	[illegible]	150.4	50.53
Ind. Ord.	535.5	433.4	549.2	49.4
Gold Mines	184.1	130.3	442.3	43.5
Gold Mines (Ex-$ pm)	154.3	90.0	337.1	54.3

S.E. ACTIVITY

	Dec. 4	Dec. 1
—Daily Gilt Edged	167.2	174.6
Industries	157.2	208.5
Speculative	25.4	29.6
Totals	105.7	73.8
—5-day Average Gilt Edged	150.0	145.2
Industries	147.4	147.8
Speculative	28.3	29.2
Totals	97.1	96.7

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	950	35	3	57	6	78	—	943p
Com. Union	140	14	1	18	—	24	—	163p
Com. Union	160	1½	12	8	—	12	—	
Cons. Gold	180	1	5	33	—	38	—	181p
Cons. Gold	160	26	4	17	—	25	—	
Courtaulds	100	24½	2	—	—	—	—	122p
Courtaulds	110	13	3	20	—	31½	—	
Courtaulds	120	6	—	9	—	—	—	
GEC	280	64	10	57	—	—	—	336p
GEC	300	43	35	51	—	—	—	
GEC	330	19	20	31	—	41	—	
GEC	360	6	35	13	—	25	—	
Grand Met.	110	6	—	9	—	11	—	111p
ICI	120	14	10	—	—	7½	—	
ICI	330	53	9	55	—	45	—	378p
ICI	360	26	24	51	—	—	—	
ICI	420	8	2	16	—	—	—	
Land Secs.	220	27	1	31	—	—	—	245p
Land Secs.	240	9	33	21	—	—	—	
Marks & Sp.	90	8	10	11	—	12	—	88p
Marks & Sp.	80	10	4	5	—	—	—	
Shell	550	46	1	58	—	78	—	586p
Shell	600	11½	10	25	—	31	—	
Totals			256		14			

Option	Ex'rcise price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
Boots	180	27	5	38	—	37	—	200p
Boots	240	8	2	18	—	—	—	
EMI	140	24	13	30	2	38	—	155p
RTZ	280	4	28	9	—	—	—	240p
Totals			48		2			

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (34)

BANKS (1)
Barclays

BEERS (2)
Invergordon — Macland

BUILDINGS (6)
Allied Plant — Browniee
Armitage Shanks — Erith
Blundell-Permoglaze — Fed. Land

CHEMICALS (2)
British Benzol — Thurgar Bardex

STORES (1)
Kunick

ELECTRICALS (1)
A.B. Electronic

ENGINEERING (2)
Babcock & Wilcox — British Aluminium

FOODS (1)
Squirrel Horn

INDUSTRIALS (8)
Caplan Profile — Huntleigh
Chubb — Moss (R.)
Davies & Newman — Smiths Inds.
Dykes (J.) — Third Mile Inv.

INSURANCE (1)
Hambro Life

LEISURE (1)
Pleasurama

MOTORS (4)
E.R.F. — Wilmot-Breeden
Plaxton's — British Car Auction

PAPER (1)
Mills & Allen Intl.

PROPERTY (3)
Bellway — Lond. Provl. Shop
Estates Prop. Inv.

NEW LOWS (11)

AMERICANS (1)
Chrysler

STORES (1)
Wharf Mill

ENGINEERING (1)
Neill (J.)

INDUSTRIALS (1)
W. Ribbons

PROPERTY (1)
McInerney

SOUTH AFRICANS (1)
Gold Fields Prop.

MINES (5)
Kinross — Falcon
Wit. Nigel — Hampton Areas
New Wit.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	16	4	58
Corpns. Dominion and Foreign Bonds	12	6	45
Industrials	465	125	961
Financial and Prop.	214	26	272
Oils	13	2	22
Plantations	7	5	19
Mines	45	39	56
Recent Issues	3	1	23
Totals	777	205	1,434

STOCK EXCHANGE BUSINESS LAST MONTH

Gilts turnover increases 31%

BY GEOFFREY FOSTER

UK STOCK Exchange trading last month was at its busiest since last June, improved business being recorded in all main sectors. Total turnover last month, at £12.5bn, was up by £2.95bn, or 31 per cent, on October and £4.15bn more than September's £8.3bn, which is the lowest so far this year.

The number of bargains was down by 7,281 to 448,926 but the Financial Times Turnover index for All Securities reached 382.0 compared with 291.5 in October and the year's high so far of 465.3 in June.

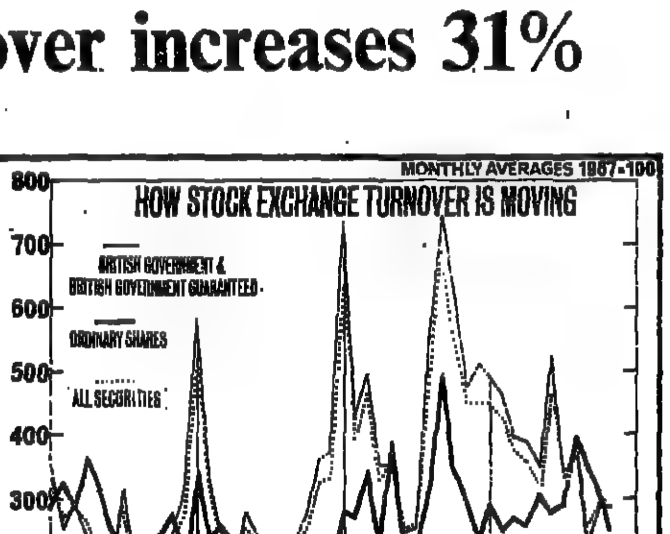
The big improvement in business mostly reflected increased volume in gilt-edged securities. Here, turnover rose by £2.5bn to £9.16bn with business in medium and long-dated issues rising by £2.3bn to £4.7bn, while trade in short-dated issues improved by £0.15bn to £4.49bn.

Bargains increased by 5,591 to 64,331. Short-dated bargains were only 1,325 up at 24,853 but those in other fixed interest stocks rose by 4,266 to 39,478. The average value per bargain in the medium and longer end of the market jumped by £51,348 to £118,176.

The Financial Times turnover index for British Government Securities last month was 387.5 compared with October's 283.1 and September's 226.4.

As in October, prices of gilts fluctuated narrowly throughout the month. However, following the jump in the minimum lending rate by 2½ per cent to 12½ per cent on November 9, the Bank of England took a further step in its programme for funding the Government's borrowing needs with significant sales of official tap stocks.

The near-short tap stock, Exchequer 10 per cent 1983, was exhausted and substantial sales of this issue and of the long-tap, Exchequer 12 per cent 1999/02, amounted to around £700m in a couple of days.



The Government Securities index eased from an end-October level of 69.28 to touch its low for the month at 67.92 on November 10; it closed November at 68.50 which is nearly 13 per cent below the year's high of 78.58 recorded on January 3.

Trade in equities improved marginally by £0.36bn to £1.98bn, but the number of bargains contracted by 8,450 to 334,009. The average value per bargain rose by £1,187 to £5,919.

The FT turnover index for ordinary shares in November was 352.8 compared with the 1978 high and low of 393.7 (August) and 277.1 (June).

Equity prices held steady to firm over the month, but the volume of trade was inhibited by the trends towards higher interest rates at home and abroad, continuing pay and labour uncertainties and a disappointing set of third-quarter figures from ICI.

The FT Industrial Ordinary share index fell from its end-October 478.9 to 468.8 on October 20 before rallying, largely on technical influences, to close November at 481.5 for a net rise of 2.6.

From an all-time high of $245.125 per ounce recorded around the last trading day of October, the price of gold bullion plummeted in reaction to President Carter's monetary package to arrest the slump in the dollar and closed the month at $193.375. Prices of Gold shares consequently fell and the FT Gold Mines index lost 19.1 to 124.3.

Category	Value of all purchases and sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. guaranteed:							
Short dated (having five years or less to run)	4,491.2	36.0	24,853	5.5	204.1	180,710	1,130
Others	4,665.3	37.4	39,478	8.8	212.1	118,176	1,794
Irish Government:							
Short dated (having five years or less to run)	447.3	3.6	2,063	0.4	20.3	216,822	94
Others	350.4	2.8	3,546	0.8	15.9	98,810	161
UK local authority	354.6	2.9	7,709	1.7	16.1	46,000	350
Overseas government: Provincial and municipal	52.4	0.4	1,694	0.4	2.4	26,708	89
Fixed interest stock: Preference and preferred ordinary shares	129.3	1.0	35,304	7.9	5.9	3,669	1,605
Ordinary shares	1,977.1	15.9	334,009	74.4	89.9	5,919	15,182
TOTAL	12,467.9	100.0	448,926	100.0	*566.7	*27,773	*20,405

* Average of all securities.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3
Jan. 9	Jan. 22	Apr. 5	Apr. 18

For rate indications see end of Share Information Service

Money was given for the call in John Brown, Messina, London and Northern, Blackman and Conrad, Rustenburg Platinum, Burton "A," UDT, Beecham, Chubb, Parker Timber, Dundonian and Hampson Industries. A put was recorded in Barker and Dobson. No doubles were arranged.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	11	586	+ 1	602	484
Beecham 'New'	Nil/pd.	10	32pm	+ 2	32pm	28pm
BP	£1	10	942	− 2	954	720
Barclays Bank	£1	9	370	+ 5	370	296
ICI	£1	9	378	+ 6	421	328
Averys	25p	8	239	+ 3	242	142
Chubb	20p	8	156	+ 10	156	106
Inchape	£1	8	305	+ 8	445	295
Distillers	50p	7	204	+ 1	215	163
GEC	25p	7	336	+ 5	340	233
Grand Met.	50p	7	111	+ 1	121	87
Mills & Allen Intl.	50p	7	232	+ 5	232	110
NatWest	£1	7	286	+ 3	298	230
BATs Defd.	25p	6	255	+ 3	304	227
BPB Inds.	50p	6	260	+ 10	263	203

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Dec. 4, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Fri. Dec. 1 Index No.	Thurs. Nov. 30 Index No.	Wed. Nov. 29 Index No.	Tues. Nov. 28 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	238.81	+0.9	16.47	5.29	8.31	236.66	234.31	236.08	235.75	201.37
2	Building Materials (27)	206.19	+1.9	17.38	5.47	7.96	204.24	201.55	202.81	202.77	186.01
3	Contracting, Construction (28)	378.18	+1.2	19.71	4.29	7.28	373.82	372.85	374.24	374.36	322.98
4	Electricals (15)	558.21	+1.2	13.07	3.31	10.46	551.61	543.22	547.69	545.27	425.81
5	Engineering Contractors (14)	372.06	+0.1	17.44	5.98	7.80	371.55	372.59	374.93	373.39	285.66
6	Mechanical Engineering (72)	186.30	+0.4	18.02	6.00	7.39	185.57	183.28	185.28	185.02	159.62
8	Metals and Metal Forming (16)	164.35	+0.1	16.65	8.70	8.36	164.16	164.36	166.11	165.55	156.01
	CONSUMER GOODS										
11	(DURABLE) (53)	209.27	+0.9	16.62	5.12	8.02	207.38	206.27	208.20	207.71	195.07
12	Lt. Electronics, Radio, TV (16)	261.07	+1.3	13.92	3.93	10.07	257.68	256.25	258.64	257.84	232.52
13	Household Goods (12)	171.49	−0.1	17.61	6.64	7.79	171.61	172.48	174.63	174.09	179.82
14	Motors and Distributors (25)	123.11	+0.4	23.07	6.84	5.96	122.57	121.68	122.73	122.61	116.91
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	212.05	+1.1	15.79	5.91	8.53	209.64	208.54	210.61	211.37	199.08
22	Breweries (14)	229.19	+0.8	14.00	6.22	9.40	227.35	226.35	227.44	228.21	232.79
23	Wines and Spirits (6)	288.66	+0.8	15.25	4.98	9.62	286.34	280.76	286.92	287.09	241.39
24	Entertainment, Catering (17)	268.05	+0.9	13.83	6.56	10.55	265.58	264.02	265.19	264.59	254.78
25	Food Manufacturing (19)	207.74	+0.8	18.34	5.37	7.27	206.14	205.38	206.34	206.70	196.37
26	Food Retailing (15)	226.40	+0.5	13.78	5.23	10.35	225.18	223.19	225.23	227.88	203.75
32	Newspapers, Publishing (12)	369.56	−0.3	21.76	6.57	6.48	370.48	368.22	370.15	368.93	328.54
33	Packaging and Paper (15)	135.94	+1.1	19.54	7.62	6.68	134.47	135.13	136.21	136.59	126.05
34	Stores (40)	199.00	+2.0	11.57	4.68	12.42	195.05	194.66	197.42	198.78	193.28
35	Textiles (24)	181.45	+1.0	17.79	8.05	7.28	179.66	178.29	179.89	181.33	168.71
36	Tobaccos (3)	241.25	+0.8	23.00	7.78	5.14	239.27	236.69	239.76	239.85	218.53
37	Toys and Games (6)	96.15	—	22.96	6.72	5.14	96.15	96.14	95.79	95.66	100.72
41	OTHER GROUPS (99)	199.16	+0.9	15.63	6.20	8.22	197.45	196.30	198.30	197.69	190.47
42	Chemicals (19)	283.39	+1.3	16.15	6.67	8.06	279.86	278.58	281.66	280.02	260.72
43	Pharmaceutical Products (7)	246.56	+0.4	11.26	4.72	10.76	245.53	243.74	245.82	245.67	0.00
44	Office Equipment (6)	133.85	+0.7	18.15	5.69	6.57	132.96	131.20	132.06	131.53	121.83
45	Shipping (10)	416.50	+1.3	14.52	7.30	8.73	410.59	405.92	408.95	409.39	459.27
46	Miscellaneous (57)	215.18	+0.7	17.53	6.56	7.56	213.67	212.95	215.42	214.91	197.36
49	INDUSTRIAL GROUP (495)	222.18	+1.0	15.99	5.76	8.35	219.98	218.53	220.57	220.62	204.23
51	Oils (5)	526.03	—	13.28	3.82	8.17	526.28	519.62	523.84	531.06	489.34
59	500 SHARE INDEX	247.33	+0.8	15.57	5.46	8.33	245.28	243.63	245.66	246.29	227.75
61	FINANCIAL GROUP (100)	170.90	+1.2	—	5.71	—	168.92	167.07	168.72	168.95	166.22
62	Banks (6)	200.43	+1.1	23.29	5.85	6.44	198.24	193.59	195.92	195.37	194.52
63	Discount Houses (10)	215.26	+0.1	—	8.17	—	215.02	216.71	213.35	212.86	202.11
64	Hire Purchase (5)	148.44	+1.2	16.41	5.55	8.04	146.71	147.63	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	139.83	+1.7	—	6.72	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	125.07	+1.3	—	7.26	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	326.32	+0.5	14.64	5.13	9.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	77.53	+0.1	—	6.32	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	261.60	+0.6	3.56	2.91	46.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	109.79	+0.2	18.96	7.88	5.62	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	208.77	+0.5	—	5.09	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	104.60	+0.6	17.97	6.61	6.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	299.35	+1.2	16.49	7.65	7.60	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	226.32	+0.9	—	5.56	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Dec. 4	Day's change %	xd adj. today	xd adj. 1978 to date
1	Under 5 years	103.35	+0.08	—	8.58
2	5-15 years	111.97	+0.09	0.74	9.21
3	Over 15 years	116.98	—	—	12.95
4	Irredeemables	122.00	—	—	13.54
5	All stocks	110.21	+0.05	0.17	11.26

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Mon. Dec. 4	Fri. Dec. 1	Year ago (approx.)
1	Low Coupons	5 years	9.57	9.56	7.35
2		15 years	11.45	11.46	9.18
3		25 years	12.15	12.15	9.67
4	Medium Coupons	5 years	12.25	12.29	[illegible]
5		15 years	12.56	12.59	[illegible]
6		25 years	12.57	12.58	[illegible]
7	High Coupons	5 years	12.56	12.59	[illegible]
8		15 years	13.23	13.26	[illegible]
9		25 years	13.30	13.34	[illegible]
10	Irredeemables		12.00	12.00	[illegible]

		Mon., Dec. 4 Index No.	Yield %	Fri. Dec. 1	Thurs. Nov. 30	Wed. Nov. 29	Tues. Nov. 28	Mon. Nov. 27	Fri. Nov. 24	Thurs. Nov. 23	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.19	13.46	55.16	55.16	55.20	55.20	55.16	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.16	13.63	51.16	51.16	51.16	51.16	51.26	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	71.86	13.04	71.65	71.63	71.79	71.79	71.42	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Nov. 27	37.6	39.6	.....	5.84
Exempt Nov. 30	99.6	103.6	.....	5.40

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333.

MLA Units	46.6	49.0	.....	3.89

Murray Johnstone U.T. Mgmt.♥ (a)
163 Hope Street, Glasgow, G2 2CH 041-221 5521

MJ European	79.2	84.3	.....	3.55

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15, Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	52.1	55.6	+0.4	6.90
Mutual Inc. Tst.	70.0	75.2	+0.5	7.50
Mutual Blue Chip	44.8	47.8	+0.4	6.78
Mutual High Yld.	56.7	61.0	+0.3	8.89

National and Commercial
31, St. Andrew Square, Edinburgh 031-556 9151

Income Nov. 29	157.8	163.6	.....	5.91
(Accum. Units)	219.2	227.4	.....	5.91
Capt. Nov. 29	130.2	135.0	.....	4.14
(Accum. Units)	158.8	164.6	.....	4.14

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH 01-623 4200

N.P.I. Gth. Un. Tst.	47.0	50.0xd	.....	4.80
(Accum. Units)**	58.4	62.2	.....	4.80
NPI O'seas Trust	124.9	132.2	.....	2.40
(Accum. Units)**	134.2	142.1	.....	2.40

**Prices on Nov. 30. Next dealing Dec. 28. *Prices on Nov. 1. Next dealing Nov. 15.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	66.2	71.1	+0.7	4.38
Extra Inc.	66.9	71.9	+0.5	8.04
Financial	34.4	36.9	+0.3	5.45
Growth Inv.	87.6	94.1	+0.8	5.01
Income	35.3	37.9	+0.3	7.10
Portfolio Inv. Fd.	71.3	74.6xd	+0.7	5.93
Universal Fd. (d)	51.9	55.7xd	+0.7	2.61

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5011

Nelstar	60.8	64.0	+0.6	5.04
Nelstar High Inc.	49.5	52.1	+0.3	8.01

Norwich Union Insurance Group (b)
P O Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fd.	365.9	385.2	+2.1	5.22

Pearl Trust Managers Ltd. (a)(g)(z)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	24.4	26.3	+0.2	5.83
Accum Units	29.1	31.3	+0.3	5.83
Pearl Inc.	33.2	35.8	+0.3	7.15
Pearl Unit Tst.	35.8	38.5xd	+0.4	5.23
(Accum. Units)	47.2	50.8	+0.6	5.23

Provincial Life Inv. Co. Ltd.♥
222 Bishopsgate, E.C.2. 01-247 6533

Prolific Units	83.1	89.0	+1.4	3.25
High Income	117.0	125.3xd	+0.5	7.85

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	130.5	138.5	-1.5	4.64

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP 01-600 4177

Quadrant Gen. Fd.	106.4	110.9	+6.9	4.46
Quadrant Income	133.6	137.8	+4.8	7.96

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	67.2	71.9	.....	6.05
Sekforde T. (Acc.)	45.5	48.7	+0.3	5.59
Sekforde T. Inc.	43.6	46.6	+0.3	5.59

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061 236 8521

Ridgefield Int. UT	88	96	.....	2.96
Ridgefield Income	92	98	.....	9.60

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	170.1	180.9	+2.0	3.46
N.C. Engy Res. Tst.	103.7	110.3	+1.3	2.70
N.C. Income Fund	148.0	157.4xd	+1.0	7.41
N.C. Intl. Fd. (Inc.)	82.1	87.4	+1.2	1.51
N.C. Intl. Fd. (Acc.)	83.1	88.5	+1.2	1.51
N.C. Smllr Coys Fd	156.1	166.1	+1.6	4.66

Rothschild & Lowndes Mgmt. (a)
St. Swithins Lane, Ldn., EC4. 01-626 4356

New Ct. Exempt	£122.0	129.0	.....	3.89

Prices on Nov. 15. Next dealing Dec. 15.

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American Nov. 30	62.0	65.0	.....	1.74
Securities Nov. 28	172.0	182.0	.....	4.27
High Yld. Dec. 1	54.8	57.7xd	.....	8.68
(Accum. Units)	80.0	84.3	.....	8.68
Merlin Nov. 29	78.0	81.9	.....	4.35
(Accum. Units)	96.4	101.3	.....	4.35

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

Capital Fd.	67.4	71.1	.....	3.67
Income Fd.	69.7	73.5	.....	7.70

Prices at Nov. 30. Next dealing Dec. 15.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to 01-554 8899 or 031-226 7351

Save & Prosper Securities Ltd.♥

...

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.4	71.1	+0.8	4.36

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	22.0	23.6	.....	2.66
Accum. Units	26.0	28.0	.....	2.66
J. Finlay Income	33.7	35.4	.....	8.56
J. Finlay Euro. Fin.	26.1	28.0	.....	2.78
Accum. Units	30.4	32.2	.....	2.78
J. Finlay Fd. In. Tst.	27.4	29.0	.....	4.34
Accum. Units	31.9	34.2	.....	4.24

Prices Nov. 29. Next dealing Dec. 6.

Commodity & Gen.	63.4	69.2xd	+0.5	5.65
Do. Accum.	74.6	81.4	+0.5	5.65
Growth	35.4	38.1xd	+0.3	3.98
Do. Accum.	38.4	41.3	+0.3	3.98
Capital	25.7	27.7	+0.1	4.07
Do. Accum.	28.1	30.2	+0.1	4.07
Income	52.2	56.2	+0.3	6.76
Do. Accum.	61.0	65.6	+0.4	6.76
International	41.3	44.6xd	+0.7	3.44
Do. Accum.	44.3	47.8	+0.8	3.44
High Yield	62.9	67.7	+0.3	8.33
Do. Accum.	68.7	73.9	+0.3	8.33
Equity Exempt*	105.2	111.8	.....	5.69
Do. Accum.*	105.2	111.8	.....	5.69
Japan & Pacific	48.5	51.5	+1.2	0.97
Do. Accum.	48.4	51.5	+1.2	0.97

*Prices at Nov. 7. Next dealing Dec. 8.

CORAL INDEX: Close 488-493

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	10.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

...

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg.

Alexander Fund	$US6.81		.....	—

Net asset value Nov. 29.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741

AHR Gilt Edg. Fd.	£10.13	10.17	.....	11.98

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	115.0	119.0	.....	4.20

Next dealing date Dec. 5.

Gov't Secs. Tst.	100	102	+1	12.00

Next dealing date December 11.

East & Intl. Tst. (CI)	97	104	.....	3.60

Next dealing date Dec. 7.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.

US$1 Shares	$US1.43		.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US104.74	115.32	.....	7.37

Prices at Nov. 30. Next sub. day Dec. 6.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,906	1,965	-4	7.91

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jsy. 0534 73741

Overseas Income	46.9	49.3	.....	12.20
Unidollar Trust	$US10.25	11.25	.....	1.80
Unibond Trust	$US101.84	102.76	.....	8.50

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	46.7	50.2	.....	1.80
Do. Aust. Min.	29.1	31.3xd	.....	1.98
Do. Grtr. Pacific	65.1	70.0	.....	—
Do. Intl. Income	36.6	39.4	.....	8.90
Do. I. of Man Tst.	45.1	48.5	.....	9.10
Do. Manx Mutual	24.2	26.1	.....	1.50

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *Nov. 6	$US31.28	33.26	.....	—
ANRHO** Nov. 6	£1.175	1.246	.....	—
COUNT **Nov. 6	£2.692	2.855	.....	1.34

Originally issued at *$10 and **£1.00.

Bridge Management Ltd.
P.O. Box 508, Grand Cayman, Cayman Is.

N'bashi Dec. 1	¥17,858		-9.6	—

G.P.O. Box 590, Hong Kong

Nippon Fd. Nov. 29	$US20.33	21.13	.....	0.78

Britannia Tst. Mngmt. (CI) Ltd.

...

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,434	1,573	.....	2.90
Bondselex	Fr116.15	125.25	.....	—
Cent. Assets Cap.	£138.51	138.56	+0.13	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	8.99	9.01	.....	12.25
Gilt Trust (I.o.M.)	101.6	104.3xd	.....	12.25
Gilt Fnd. Guernsey	9.44	9.48	.....	12.25

Intl. Govt. Secs. Tst.

First Sterling	£18.20	18.23	.....	—
First Intl.	$193.05	193.61	.....	—

Kleinwort Benson Limited
20 Fenchurch St., EC3 01-623 8000

Eurinvest. Lux. F.	1,121		-3	3.12
Guernsey Inc.	65.7	69.9xd	.....	4.35
Do. Accum.	82.4	87.6	.....	4.35
KB Far East Fd.	$US12.74		.....	1.56
KB Intl. Fund	$US11.50		.....	2.00
KB Japan Fund	$US37.96		-1.14	*0.66*
K.B. U.S. Gwth. Fd.	$US11.48		.....	0.78
Signet Bermuda	$US4.86		-0.06	1.85
Interntl. Bd. Fd.	$US100	—	.....	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	52.8	55.6	.....	1.43

Next dealing date December 15

Lloyds Trust Gilt	£10.00		.....	12.00

Initial Offer Closes 13th December

Lloyds Bank International Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF318.00	331.00	.....	1.70
Lloyds Int. Income	SF288.50	300.00	.....	5.30

Management International Ltd.
Bank of Bermuda Building, Bermuda.

Canterbury Nov. 24	$US3.85		.....	—

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Nov. 28	$US2.78	3.04	.....	—
Aust. Ex. Nov. 29	$US2.07	2.39	.....	—
Gld. Ex. Acc. Nov. 29	$US8.66	9.71	.....	—
Island	129.9	139.6	+0.4	13.92
(Accum. Units)	187.1	201.2	+0.6	13.92

Samuel Montagu Ldn. Agts.
114, Old Broad St., E.C.2. 01-588 6464

Apollo Fd. Nov. 29	SF44.35	48.15	.....	3.89
Japtest Nov. 30	HK$13.29	14.30	.....	0.89
117 Group Nov. 29	$US10.24	11.18	.....	2.12
117 Jersey Nov. 15	£5.12	5.61	.....	—
117 JsyO's Nov. 22	£10.07	10.59	+0.44	—

...

PO Box 98 Channel House, Jersey. 0534 73673

Jersey Extral. Tst.	158.0	168.0	-13.0	—

As at Nov. 30. Next sub. day Dec. 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$378.56		.....	1.90
Jardine J'pn. Fd.*	HK$410.21		.....	0.30
Jardine S.E.A.	$US17.37		.....	2.00
Jardine Flem. Int.	HK$11.73		.....	—
Intl. Pac. Secs. (Inc.)	HK$14.19		.....	—
Do. (Accum.)	HK$14.33		.....	—

NAV Nov. 14. *Equivalent $US85.55 Next sub. Nov. 30.

Merc. Ebd. Nov. 29	$US10.11	10.43	.....	0.1707
Merc. MyMkt. Nov. 27	£10.14	10.15	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Nov. 30	$US11.56	13.90	-1.05	—
CMT Ltd. Nov. 30	£13.57	14.02	-0.98	—
Metals Tst. Nov. 15	£12.73	13.06	.....	—
TMT Nov. 9	$US9.96	10.22	.....	—
TMT Ltd. Nov. 9	£9.87	10.13	.....	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US14.69		+0.17	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly...	23½	......	—	—
41	33	Do. 5pc Pref......	39xd	......	—	—
98	98	Chilean Mixed.....	98	......	—	13.10
115	350	German Yng. 4½pc..	411	......	4½	—
54	46	Greek 7pc Ass	50	......	3½	17.20
51	46	Do 6pc 28 Stab. Ass .	49	......	6	16.24
44	40	Do 4pc Mixed Ass..	40	......	4	15.13

BONDS & RAILS—Cont.

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ENGINEERING—Continued

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FOOD, GROCERIES—Cont.

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MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	10	.....	—	—	—
140	64	Bougainville 50 Toea	116	+1	†Q8c	1.4	4.3
131	63	BH South 50c	107	.....	—	—	—
820	150	Central Pacific	400	.....	—	—	—
336	148	Conzinc Riotinto 50c	272	+4	‡Q10c	2.2	‡
27	9½	Endeavour 20c	16	.....	—	—	—
[illegible]							

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
90	50	Sabina Ind. C$1	45	−1	—	—	—
£12	693	Tara Explin. $1	700	+7	—	—	—
185	120	Yukon Cons. C$1	154	.....	Q7c	2.9	2.5

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$15¾	$10¼	Buffels R1	$20½	+¼	Q170c	1.8	18.7
$11½	830c	East Drie R1	855c	−10	†Q78c	1.7	10.5
585c	330c	East Rand Prp. R1	370c		—	—	—
$28⅝	$16½	F.S. Geduld 50c	$17½	+⅛	Q315c	ϕ	20.7
$15⅛	975c	Pres. Brand 50c	$10½	....	Q150c	ϕ	16.5
$13⅜	900c	St. Helena R1	987c	−1	Q190c	ϕ	22.2
465c	313c	Stilfontein 50c	380c		†Q22c	2.3	6.7
$17⅞	$16⅛	Vaal Reefs 50c	$16⅝	−⅛	Q115c	3.3	8.0
$37	$25	West Drie R1	$27¾	+¼	Q385c	1.7	16.0
$31¼	$19	West Hldgs. 50c	$20½	....	Q415c	ϕ	23.4
$12⅛	895c	Western Deep R2	975c	−13	Q82.5c	2.4	9.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ρ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ▲ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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IRISH

[illegible]

OPTIONS

3-month Call Rates

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FINANCIAL TIMES
Tuesday December 5 1978

Thomson rejects Times talks bid

BY ALAN PIKE, LABOUR CORRESPONDENT

LORD THOMSON of Fleet, president of Times Newspapers, yesterday rejected a print union leader's request for direct talks on the industrial relations crisis which led last week to the company suspending all its publications.

Lord Thomson, who is on a *visit to Britain from the International* Thomson Organisation's Canadian headquarters, said: "I have no intention of intervening in any way in the negotiations which are currently being conducted."

Mr. Joe Wade, general secretary of the National Graphical Association, whose union is re*fusing to meet Times Newspapers* "under duress" to discuss the company's demands for agree*ment on industrial relations reforms* and the introduction of new technology, had suggested the meeting on Friday.

"I understand that *Mr*. Wade has stated that he would like to talk to me. I take encouragement from this but would respectfully suggest that any such meeting should be held with the manage*ment of Times Newspapers who* are directly responsible for the negotiations," said Lord *Thompson*.

Times Newspapers says that production of The Times, the Sunday Times and three Times supplements will remain suspnedde until agreement is reached with all unions on its proposals.

The first indefinite nationwide provincial newspaper strike in *the history of the National Union* of Journalists began yesterday.

Last night the union claimed an "overwhelming response," with more than 80 per cent of provincial journalists on strike. The biggest provincial blackspots for the union were Birmingham, Liverpool and Southampton, where a majority of NUJ members defied the *strike call*.

After a long meeting journalists on the Press Association *national news agency* voted 86-76 to defy an executive instruction to stop work in sympathy with the provincial strikers. In previous disputes continued supply of PA tapes has helped newspapers to maintain production using editorial executives and non-NUJ staff.

The result of the PA vote was that some *NUJ members* walked out and picketed the building while others continued working. *Failure of the PA chapel to give* unanimous support to the executive will come as a disappointment to the union but Mr. Ken Ashton, general secretary, said he was confident the service would be "badly disrupted" and that more NUJ members there would join their colleagues on strike.

The NUJ's 9,000 provincial members are seeking increases of £20 per week. An offer worth about 9 per cent has been made by *the Newspaper Society* on behalf of the provincial employers, provided the Government can be persuaded to treat the journalists as a special case.

Leaders of the non-TUC affiliated Institue of Journalists are are also demanding big pay increases but do not regard the NUJ strike as the appropriate *strategy*.

New lending facility for industry urged by TUC

By John Moore

A NEW lending facility should *be created to help the* institutions participate in the investment of industry without compromising their duty to depositors, the TUC has told the Wilson committee on the financial institutions.

The new lending facility, jointly funded by the insurance companies and pension funds and the government, would be under the control of a tripartite steering committee which *would be able to replace* existing institutional shareholdings with its own money, the TUC suggests in its latest submission to the committee headed by Sir Harold Wilson.

This would allow an institution to withdraw from a company if it needed to protect the interests of savers and depositors *without threatening the* interests of the company.

The TUC has also taken issue *with the clearing banks*, in their evidence to the committee, about the use of selective credit controls. Selective credit controls have a continuing role, argues the TUC. Without them it was possible that "an imbalanced growth of bank lending could recur."

The TUC is convinced the financial community needs to be subject to an overall Government strategy in much the same way *that industry is*.

Details Page 12
Editorial Comment, Page 18

BL names chief for bus and truck division

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR. DAVID ABELL is to be the new chairman and chief executive of BL's ailing bus and truck division, Leyland Vehicles. He moves from SP Industries, the group's specialist engineering division, where he has been managing director.

At the same time *SP Industries* is being split up in another re-structuring of BL's operations. *The Coventry Climax forklift* trucks business, Alvis, which makes military vehicles, and Self-Changing Gears, manufacturer of heavy duty transmissions for various applications, are being added to Leyland Vehicles, which remains a *limited* company, to create a new entity, BL Commercial Vehicles.

This leaves the loss-making construction equipment offshoot, Aveling Barford, and Prestcold, *which makes commercial* refrigeration and air conditioning equipment, on their own.

"*Future plans for these* companies—as well as the SP Industries headquarters at Melton Mowbray and the SP Computer Centre at Grantham—are currently under review," BL said.

Although there was no official comment from BL, the reviews may include a study of possible collaboration with other companies.

LV, the largest commercial vehicle manufacturer in the UK with a turnover this year of £450m and 28,000 employees, has been without a chief executive since Mr. Desmond Pitcher left the position in July.

Since then the truck industry has been scoured for a suitable replacement and on at least two other occasions managers from non-commercial vehicle businesses seemed on the point of *signing contracts* to take the job.

In the City

Mr. Abell is 35 and joined BLMC as it then was in 1968, after an early career with Ford and AEI. He held the positions of Prestcold executive chairman and BLMC Corporation Treasurer before leaving the group for a brief spell in the City in 1973.

In 1974 *he rejoined* BL as managing director of Leyland Special Products, as SP Industries used to be called, and set in train a major expansion programme which saw the division double turnover to £230m.

It was widely believed that *SP Industries might be hived* off as a separate, perhaps quoted, group, but successive BL chief executives have rejected the idea.

Also included in the new BL Commercial Vehicles are certain BL overseas subsidiaries and investments including Ashok and Ennore in India, Leyland Nigeria and interests in Iran.

The Nuffield Press (BL's printing concern) will become part of BL International.

A BL statement quoted Mr. Michael Edwardes the chairman *as saying the grouping of* LV with parts of SP Industries was "a logical step forward in the strengthening of BL. Fork trucks, military vehicles and heavy transmissions are every bit as "commercial" as trucks, buses and tractors. The grouping of the companies makes commercial commonsense to meet the *challenge of the 1980s*."

News Analysis, Page 10

At least £23.9m cash offered to Swan Hunter shareholders

BY ANDREW TAYLOR

SWAN HUNTER, which received £15m compensation from the nationalisation of its shipbuild*ing business, is proposing* to pay at least £23.9m cash to shareholders under a capital recon*struction*.

As part of the deal Swan Hunter shareholders are asked to swap their shares for stock in Gosforth Industrial Holdings—a new company formed to take over Swan's remaining business interests, including the lossmaking Smiths Shiprepairers on Tyneside.

The deal will fail if shareholders holding more than 10 per cent of Swan Hunters issued *capital vote against* the proposals.

At the same time Sir John Hunter, chairman and Lord Howick, non-executive director, announced yesterday that they were resigning from the board. Sir John is one of four Swan Hunter directors receiving a total of £121,000 compensation following the termination of three service contracts, and the termination of employment of Mr. R. Ibison with Swan Hunter.

Under the terms of the reconstruction Swan Hunter will be placed into voluntary liquidation and shareholders will be offered 130p cash plus one Gosforth share for every Swan share held.

A further cash payment of up to 15p per share may be made *depending on how much money* is left after all Swan Hunter's outstanding liabilities have been met.

The group's share price fell 6p to 153p on yesterday's news, which included profit figures for the year ending June 30, 1978. These showed pre-tax profits of £3.1m compared with the £7.3m earned in the previous 18 months.

Future losses

The first cash distribution—to be *not less than* 130p—is due to be paid six weeks following the second of two extraordinary general meetings to be held on December 28 and January 12.

If the proposals are accepted, Gosforth will acquire Swan's remaining ship repairing, engineering, construction and insurance interests. The new company will have net tangible assets of £7.1m—including bank balances of £3.7m—compared *with Swan's net tangible assets* on June 30 at £36m.

In addition the book value of *the loss-making Smiths Ship*repairers is to be written down from £3.24m to a nominal £1 *before the transfer to Gosforth*. This will create a £3.24m provision against future losses at the Tyneside ship repairers.

Swan Hunter has already made attempts to dispose of Smiths, which last year made a £1.25m loss before taking into account £268,000 from the cost of a retrospective pay award.

The new *Gosforth* board—representing all the current Swan directors except Sir John *Hunter and Lord Howick—said* that it would not provide further funds for Smiths unless shiprepairing prospects improved substantially.

Swan Hunter, in a document outlining the reconstruction proposals, says that, although Smiths' losses have been reduced in recent months, "further losses are unavoidable."

However, the group said that activities other than Smiths *would continue to trade profitably*.

Swan Hunter figures, Page 20

Malt whisky exporters reject call for voluntary curbs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

ATTEMPTS TO secure a *voluntary restraint on the growth* of bulk malt Scotch exports have failed, a working party of the National Economic Development Committee said yesterday.

Mr. Jasper Grinling, chairman *of the Scotch Whisky Working* Party, said the industry had not agreed to accept a quota system put forward at a private meeting of distillers in Glasgow last month.

The plan called for a voluntary freeze on bulk exports at their present levels for a trial period of two years to be monitored by an independent auditor working with the companies concerned. This was rejected.

Last year *bulk malt whisky* exports totalled £22m, out of £513m of Scotch exported from *the UK*.

Most of the working party members accepted the view of the major British-owned distilling companies and the trades unions that bulk malt exports—most of which goes to Japan for blending with locally produced *spirits—harm* sales of Scotch abroad. Some disagreed and said that no action was necessary.

Mr. Grinling said that it was unusual for a sector working party to be faced with such a potentially divisive issue.

The Government was unable to act because of its international trade obligations, the industry could not agree, and so it was up to individual companies to follow their own policies.

The working party report, published yesterday called on the Government and the industry to work towards removing the 350 restrictions imposed by other countries on the import of Scotch, particularly the U.S. Wine Gallon Assessment, now the subject of GATT negotiations.

The European Commission should be pressed to reverse the ruling that led to the withdrawal of Johnny Walker Red Label from the UK market and permit a sole distributor system and other measures designed to prevent parallel exports.

At home, the report recommended that stock relief on whisky should be made permanent and that there should be a long-term reduction in duty on spirits, and more consultations held with the industry before *duty changes are made*.

Companies should also be allowed to defer duty payments by six to eight weeks to allow them to recoup some of the money from consumers.

This has been a standing demand by the industry, which estimates it has to fund about £100m at any one time.

A bright future for Scotch distilling is predicted with world demand growing at an annual rate of 4.4 per cent between now and 1991.

However, existing distilling *capacity should be adequate* to meet this increased demand at least for the next six years, but there will be a continuing need for malt to be supplied by independent maltsters.

Neddy split on curbs, Page 8

Continued from Page 1

China and France

however, China has been granted a 10-year credit line of about FFr *30bn, guaranteed* by the official export credit guarantee organisation, COFACE, at a rate of interest of about 6.5 per cent, similar to the rate which Japan is reported to have offered China.

The Chinese, apparently, tried *in vain to persuade the French* to offer them the preferential terms—around 5.75 per cent—which the latter have granted to the Soviet Union for similar deals.

The negotiations were ex*tremely tough according* to reports reaching Paris, with the French refusing to conclude a framework economic agreement which was not accompanied by firm orders. Hence, the simultaneous announcement that a deal had been signed for the purchase by China of two nuclear plants.

David Housego writes: Britain has a draft agreement with China which forsees an expansion of trade to $8-10bn between now and 1985. Mr. Eric Varley, Secretary for Industry, is due to sign this when he visits Peking early next year. He will also then give the Chinese Britain's decision over the sale of the Harrier jump jet.

Japan has a $20bn two-way trade pact with China up to 1985 which was recently enlarged and extended to 1990. Full details of the increase have yet to be worked out.

Comparison between the agreements is difficult because of the lack of details and qualifications made by the Chinese about orders being dependent on price competitiveness and other factors.

Public borrowing within forecasts

BY MICHAEL BLANDEN

BORROWING BY the public sector so far this year is just within the level predicted in the latest official forecasts.

The public-sector borrowing requirement in the first six months of the financial year was £3.9bn, on a seasonally-adjusted *basis, according to Central* Statistical Office figures.

This was just under half the £8bn forecast for the whole financial year in a supplement to the Treasury's Economic Progress Report last month.

The figure for the first half compares with an equivalent total of £2.3bn in the same period of *1977-78, when it became clear* quite early that the actual borrowing needs of the public sector were falling well short of expectations.

The trend so far this year is subject to some uncertainties about the effect of seasonal adjustments, which have been changed as a result of an annual updating.

Nevertheless, with the impact of the tax cuts introduced by the Government and the reductions pushed through by the Opposition, the figures are generally in line with expectations.

They do not, however, suggest that there is likely to be a repetition of last year's experience or that there will be headroom for further tax reductions.

During the latest quarter, from July to September, the public-sector borrowing requirement, *seasonally-adjusted*, was £2.06bn. This was higher than the previous quarter's £1.84bn and more than double the £800m recorded in the second quarter of the previous financial year.

Within the total for the second quarter of the financial year the central Government borrowing requirement dropped to £2bn, compared with £2.3bn in the previous three months.

Local authorities, however, *increased their borrowing* to £230m compared with a repayment of £170m in the previous *period*. Taking these two together the general Government borrowing requirement is estimated to have been £60m higher at £2.2bn.

The public corporations again repaid debt during the three months, after allowing for their net borrowing from sources other than the central Government and for their purchases of public-sector debt.

PUBLIC SECTOR BORROWING REQUIREMENT
(seasonally adjusted)

	£bn
1976-77	8.58
1977-78	5.53
First quarter	1.53
Second quarter	0.80
Third quarter	1.58
Fourth quarter	1.63
1978-79	
First quarter	1.85
Second quarter	2.06

Source: Central Statistical Office

Weather

UK TODAY

Eastern and Central England and much of Scotland will have a dry day with some sunshine after early morning frost and fog clears.

Western England, Wales Southwest Scotland and Northern Ireland will become cloudy with rain spreading from the South West during the day.

Western districts will become mild with strong to gale force winds while Eastern and Northern areas have near normal temperatures.

Outlook: Rain at times in many places, perhaps some brighter spells. Mild in the West otherwise temperatures around nor*mal*.

From the London Weather Centre

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsterdm.	C	2	36	Madrid	F	14	57
Athens	C	14	57	Manchestr.	C	5	41
Bahrain	C	25	77	Melbourne	R	16	61
Barcelona	R	10	50	Mexico C	S	21	[illegible]
Belfast	S	5	41	Montreal	R	5	41
Belgrade	C	−1	30	Moscow	F	−9	16
Berlin	S	−1	30	Munich	C	−3	27
Brmghm.	S	9	48	Newcastle	C	5	41
Bristol	F	8	46	New York	R	10	50
Brussels	C	3	37	Oslo	F	−3	27
Budapest	C	−1	30	Paris	R	7	45
B. Aires	C	18	65	Perth	S	21	70
Cairo	S	18	65	Prague	S	−2	28
Cardiff	S	9	48	Reykjavik	C	7	45
Chicago	[illegible]	[illegible]	37	Rio de J'o	S	28	82
Copnhagn.	C	2	36	Rome	R	12	54
Dublin	S	7	45	Singapore	S	30	86
Edinburgh	R	5	41	Stockholm	F	−3	27
Frankfurt	C	2	36	Strasbrg.	C	−1	30
Geneva	R	2	36	Sydney	S	27	81
Glasgow	C	5	41	Tehran	C	9	48
Helsinki	[illegible]	[illegible]	[illegible]	Tel Aviv	C	17	63
H. Kong	S	24	75	Tokyo	C	12	54
Jo'burg	S	25	77	Toronto	C	1	34
Lisbon	F	16	61	Vienna	C	−1	30
London	C	7	45	Warsaw	R	−8	18
Luxemb'g	R	−2	28	Zurich	C	−4	25

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	R	12	54	Istanbul	S	10	50
Algiers	S	21	70	Jersey	C	8	46
Biarritz	F	11	52	Las Plms.	F	22	72
Blackpool	F	7	45	Majorca	C	17	63
Bordeaux	R	9	48	Malaga	C	22	72
Boulogne	C	[illegible]	[illegible]	Malta	C	16	61
Casablanca	F	21	70	Nairobi	R	21	70
Cape Town	S	26	79	Naples	R	11	52
Corfu	R	10	50	Nice	R	8	46
Dubrovnik	C	9	48	Nicosia	R	17	63
Faro	C	16	61	Oporto	F	15	59
Florence	C	9	48	Rhodes	S	15	59
Funchal	C	21	70	Salzburg	[illegible]	0	32
Gibraltar	F	9	48	Tangier	C	19	66
Guernsey	F	10	50	Tenerife	S	18	64
Innsbruck	S	−2	28	Tunis	R	15	59
Inverness	C	7	45	Valencia	S	22	72
Isle of Man	F	8	46	Venice	C	2	36

S—Sunny F—Fair C—Cloudy R—Rain

Continued from Page 1

EMS

Latin tag which amounted to "nobody objects to doing the impossible."

The need fo ra better balance in distribution of economic and financial resources within the Community was heavily under*lined at today's talks* by Dr. Giulio Andreotti, the Italian Prime Minister.

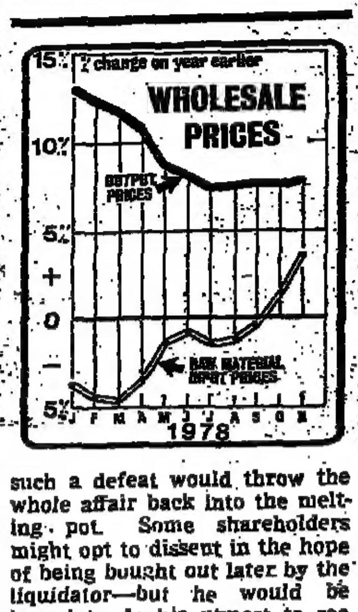
He is also understood to have indicated that it might be difficult for Italy to stay in the EMS if Britain were not to join fully from the start, as now seems unlikely.

Sig. Andreotti appeared to have moved somewhat closer to the U.K. position on proposed exchange-rate mechanisms, which will be at the centre of the EMS, suggesting that as envisaged now these amounted to little more than an *extension of* the existing currency "snake" system.

THE LEX COLUMN

Carving up the dying Swan

Index rose 3.6 to 489.9



The City's initial reaction to the details of Swan Hunter's reconstruction, announced yesterday, was not ecstatic: the *shares fell 6p to 153p*. But on balance the terms should prove acceptable — if only because *there is no viable alternative*.

The sums work like this. The net tangible assets of Swan Hunter Group *amount to just* over £37m. Out of this comes a £3.2m provision against the lossmaking shiprepairing company in the UK which the group still owns, and which has been written down to £1. A further £7.1m of net assets is to be transferred to a new quoted holding company, Gosforth Industrial, which will take over the rump of Swan Hunter's business left behind after nationalisation.

That leaves £26.8m, made up of £30.2m cash less £3.3m of associated liabilities, such as *residual tax and the cost of paying* off the loan stock. Of this sum £23.9m (or 130p per share) would be returned to shareholders a matter of weeks after they approved the scheme—the end of February is the likely date. Up to £2.8m (or 15p per share) of the rest would be available at a later date after the liquidator had taken his fee and met any unforeseen contingency.

Could more attractive terms have been put together? Swan Hunter certainly deserves full credit for opting to get smaller, *as opposed to turning itself into* some kind of dreary investment trust at the cost of a big dis*count on asset value, for its* share price. As to whether it would have been better to *liquidate the whole business*, the key here rests on the likely market price of Gosforth Industrial.

In the early stages, at least, the new company is likely to be valued strictly on a yield basis. Something like 12 per cent could be appropriate. That would imply a market price of about 25p and a capitalisation of just over £4½m—around £2½m below book value. It is open to question how much of that shortfall could be recouped by a full liquidation—a process which would certainly take much longer to complete than the current proposals. Any advantage could well be wiped out by inflation.

The scheme is being put together under section 287 of *the 1948 Companies Act, which* means that it would be killed if more than 10 per cent of the shares were voted against it. But such a defeat would throw the whole affair back into the melting pot. Some shareholders might opt to dissent in the hope of being bought out later by the liquidator—but he would be bound to do his utmost to see that they did not benefit at the expense of everyone else. Most people are likely to settle for peace of mind and cash in hand.

Wholesale prices

The strength of the dollar during November, and rises in some commodity prices, pushed up input prices for manufacturing industry by 1 per cent in the month and there is an uncomfortable reminder—ahead of the threatened OPEC crude oil price rise—that the recent honeymoon period for raw material costs has probably *come to an end*. For much of 1977 and 1978 input prices have been declining, but the index *has now moved significantly* above the levels of a year ago. Meanwhile manufacturers' output prices have continued to rise at only a very low rate, with the year-on-year growth stabilising in recent months at under 8 per cent.

Already there have been signs of a squeeze on margins, with wages—a much larger component of total costs than raw *materials—rising considerably* faster than output in recent months. The last published *figure, for September*, showed average earnings to be 15 per cent higher than a year earlier. Now raw material prices are no longer providing an offset, but are beginning to increase the squeeze.

It may be that companies can now get a grip on wage costs, but recent developments have scarcely been encouraging on this score. A clear implication is that wholesale output prices will soon start to accelerate as companies pass on higher costs where they can. If the Government continues to hold sterling relatively steady, companies are likely to become divided into the haves, and the have nots. The fortunate ones will be able to push up their home market prices where foreign competition is weak. The unlucky ones will see their export margins dwindle, and in the home market will be trapped by import prices.

Lofs

Back in June, London and Overseas Freighters announced *an attributable loss of* [illegible], passed its dividend and announced that it was seeking *a moratorium on some of its* loan repayments. Over the next few days the share price fell *by more than a quarter*. Since then it has shot up by some 60 per cent.

Two things have happened to LOFS since its gloomy midsummer statement. First of all it received, in August, the balance of its compensation for the nationalisation of its Austin and Pickersgill shipbuilding subsidiary. With the [illegible] *second tranche of compensa*tion money, LOFS probably now has liquid funds of well over £20m and borrowings of around £30m will have been reduced to under £25m by the end of the year.

Even if it does not secure its loan moratorium LOFS is hardly going to go bust. However, the second key reason for the upsurge in LOFS' share price has been the recent dramatic upsurge in spot tanker rates. The rates for a VLCC, like the London Pride which LOFS is bringing out of lay-up, have risen from a low of world*scale 17-18 to worldscale 85* currently. Anything over worldscale 50 should be covering all *expenses including interest and* depreciation and making a profit. But this has come too *late to affect the first half* which saw unchanged trading losses of £1.9m.

The key question now is how long the current boom in tanker rates can continue. The troubles in Iran have undoubtedly helped with some 59 ships queuing up off Kharg Island—the world's largest oil terminal. This has siphoned off maybe 10m dwt of tanker tonnage and once the backlog is cleared, and the attempted stockbuilding ahead of an OPEC price increase has died down, rates for VLCC's could fall back to *around worldscale 30. If they* do, the recent buoyancy in LOFS share price could look *rather premature*.

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